



National Council of Applied Economic Research

**SURVEY
of
INDIA'S EXPORT POTENTIAL
within
THE INDIAN OCEAN BASIN
& NEARBY AREAS**

March 1970

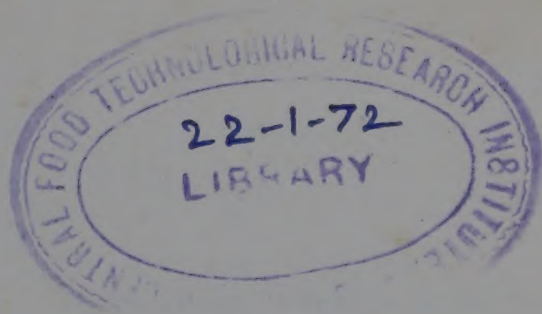
THAILAND

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**SURVEY
of
INDIA'S EXPORT POTENTIAL
to
Twenty-six Selected Countries
in
THE INDIAN OCEAN BASIN
And Nearby Areas**

prepared under the sponsorship of
THE EXPORT PROMOTION DIVISION
U.S. Agency for International Development, New Delhi
for
THE MINISTRY OF FOREIGN TRADE
Government of India

**NATIONAL COUNCIL OF APPLIED ECONOMIC RESEARCH
NEW DELHI**



REGIONAL TRADE STUDY

SURVEY OF INDIA'S EXPORT PROSPECTS

IN

THAILAND

National Council of Applied Economic Research

New Delhi

April 1970

PREFACE

In 1968, the National Council was requested to undertake a study of the export prospects for India in 26 selected countries in the Indian Ocean Basin and nearby areas. The study was to form part of a series of 'Export Potential Surveys' which are being performed by independent Indian research organizations for the Ministry of Foreign Trade. The series of studies is sponsored by the U.S. AID Mission to India Export Promotion Division.

The countries covered by this study are : Kenya, Uganda, Tanzania, Zambia, Ethiopia, Malagasy Republic, Libya, Iran, Iraq, Saudi Arabia, Kuwait, Muscat and Oman, Abu Dhabi, Dubai, Ceylon, Burma, Singapore, Malaysia, Indonesia, Thailand, Philippines, Hong Kong, Republic of Korea, Japan, Australia and New Zealand. This report on Thailand is one of the series.

The main objective of the study was to assess the export prospects of India in the selected countries over the five year period (1969-74). We have studied the existing pattern and past trends of Indian exports to each country, assessed the trade prospects of India

(ii)

in each country and suggested measures for realising the export prospects. The term 'export' has been used in the wider sense not only to include commodities but also services such as joint ventures and engineering or construction contracts.

Apart from the individual country reports, an overall report covering our general findings with respect to the entire region of 26 countries has also been prepared and submitted and is being published separately. It may be added that the data given in this report and findings based on this data relate to the period of the field visit of our team which took place in January 1969. It is possible that certain changes might have taken place since the visit of our team. This has to be kept in mind by the readers.

In this country study, we have had full cooperation from various agencies in India as well as in Thailand. My special thanks are due to the Ministry of Foreign Trade, Government of India, the Indian Embassy in Thailand and the Government of Thailand and a large number of businessmen and other people whom our team contacted during the field visits.

(iii)

In the preparation of this report, I had full cooperation from my staff members who were directly responsible for conducting the entire study covering all the countries including the present one. Their names are given in Appendix 1. My special thanks are due to Shri R.S. Sharma, Project Director and Shri R.K. patil and Dr. R.G. Gidadhubli members of team for this country. I hope the report will be found useful by all those engaged in the export effort.

New Delhi
December 1969

S. Bhoothalingam
Director-General

N_O_T_E_S

1. The dollar (£) referred to in this report is the U.S. dollar
2. Reference to the present in the report is as of January 1969 the time of the team's visit to this country. The data given and assessments made are also as obtainable then.

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SELECTED ECONOMIC INDICATORS

Item	Unit	1960	1965	1966	1967
1. Population	Million	26.25	30.7	31.6	32.7
2. Annual Growth rate of population (1960-67)	% p.a.	----- 3.2-----			
3. GDP (Compound)	Million U.S.\$				
i) at current prices	"	2,785	3,908	4,654	5,078
ii) at constant prices (1962 prices)	"	2,967	3,974	4,413	4,628
4. Per Capita GDP	" \$				
i) at current prices	"	106	122	141	154
ii) at constant prices	"	113	129	139	141
5. Growth rate of GDP (constant prices) 1960-67	% p.a.	----- 6.5-----			
6. Wholesale price index	Base 1958	92	96	110	118
7. Index of Agricultural Production	Base 1953	138.88	199.95	204.58	219.58

Item	Unit	1960	1965	1966	1967
8. Foreign Trade	Million \$				
i) Exports	"	431.4	622.1	677.8	685
ii) Imports	"	481.1	741.9	889.6	1034
iii) Balance of Trade	"	-49.7	-119.8	-211.8	-349
iv) Balance of payments (current account)	"	-110	-54	-18	-52
9. Gold and foreign exchange reserves (end December)	"	342.7	672.5	825.8	876.4
10. Trade with India:	"				
i) Exports to India	"	0.81	42.44	67.6	35.4
ii) Imports from India	"	5.95	5.07	4.2	15.8
iii) Balance of trade with India	P.C.	- 5.14	37.37	63.4	19.6
iv) India's share in total exports	"	0.18	6.8	9.9	5.1
v) India's share in total imports	"	1.23	0.75	0.46	1.5
11. IMF par value	Units of national currency per \$	20.00	20.80	20.80	20.80

Area 514,000 Sq. Kms.
 Capital Bangkok
 National Currency Baht

SUMMARY AND RECOMMENDATIONS

Highlights of the Economy

The Thai economy has been booming under the impact of US war expenditure since 1964, despite temporary set-backs in agriculture, a key sector in the economy. Business and government circles are confident about the speedy recovery of the agricultural sector in 1969 and the general outlook of the economy appears good. A debate is currently on about the importance of war expenditure to Thai economic prosperity and consequences of 'peace' on the economy. The general consensus is that an abrupt termination of US war effort in the region would no doubt hurt, but this is not considered as a strong possibility. Even if peace comes, a gradual phase down is expected. These considerations give support to the continued growth of the economy.

The outlook for imports is, therefore, good. Imports have doubled between 1961 and 1967 reaching \$ 1,034 million in 1967. Imports grew at a slower rate (5.4 per cent) in the first six months of 1968, but are expected to show a more robust growth rate and the trend is likely to continue.

The foreign exchange reserves of the country are high, equivalent to about one year's import bill. There are no restrictions on imports (barring about 26 commodities : controls on some of these may affect India's exports such as tea, pepper, rubber tyres and stationery. Import duties are low, ranging from 0 to 80 per cent, with over 80 per cent of the items having a rate of 30 per cent or less. No tariff preferences are offered to any country. Trade agreements so far signed are of a general nature and express only goodwill.

Though the reserves position is strong, the Thai planners would not fritter them away in a spending spree, as they have realised that it is a strong bargaining point for soliciting loans and aid from abroad. In global tenders, the Government insists on long term credit facilities from suppliers, if the value exceeds half a million dollars. The Bank of Thailand has pursued a conservative monetary policy and the rates of interest are fairly high (prime rate around 12 per cent). This has encouraged private importers also to ask for supplier's credit, which is normally given by almost all exporting countries.

Thai market, especially for imports, is highly competitive and competition has never been tougher than at present, particularly with respect to prices and terms. It is essentially a price market and quality, though important, plays a secondary role.

Problems and Prospects for Indian Trade

Indian exporters have done fairly well in Thailand especially in 1967 when imports from India rose to about \$ 16 million from \$ 4.3 million in 1966. The performance was particularly impressive in respect of iron and steel manufactures and petroleum products. However, the bad impression created by some of our exporters in their business dealings has left a bitter taste. Briefly, the complaints are : repeated extensions of letters of credit, shipping delays, short shipments, irregularities and mistakes in shipping documents which add to handling costs, goods not to specifications, delays in payment of commissions and a frustrating long correspondence which arises out of the above. Thai importers have no faith in the Export Inspection Agency set up by the Government of India. Urgent measures need to be taken from our side to reduce the extent and intensity of these complaints.

There is also a feeling that India is out to dump products owing to the recessionary trends obtaining in the domestic market.

So far, the Indian share in Thai imports has been negligible - less than one per cent. It was only in 1967 (a bad year for Thai economy) that the share reached 1.5 per cent level. If the market is approached in the correct way, there is no reason why the share cannot go up to 3-5 per cent by 1973-74.

From the Indian export angle, the Thai market can be divided into three broad segments: consumer goods, capital goods and raw materials and intermediate products. A big push in the consumers goods market can be ruled out, as Japan, Taiwan and some of the European countries have already secured a strong foothold. In this market segment, the accent is on presentation, style, design and proper packaging. In all these aspects, our goods come far behind. Further, in respect of prices and terms which are key factors in the Thai market, we are outdone by the competitors. However, there are some items in this category where we can hold on. These are cotton blankets mosquito nets, cotton thread, canvas

and some toiletry items (face powder, lotions, etc.) provided market leaders in this segment of the market are approached. In respect of tea and spices, no great increase is possible.

There is a promise in the engineering goods market, especially iron and steel products, diesel engines, electric motors, alternators, electrical cables and equipment, railway stock, hand tools and to a certain extent machine tools.

The Indian image on some of these items is not good owing to the bitter experiences with our traders. Thai importers insist on a lower price for the same quality, as Indian goods are not yet familiar. This insistence is not unnatural. Japan forced its entry in Thai market in a big way only through price concessions. Even now, the prices of many equal-quality Japanese goods are 20 - 30 per cent lower than the US/European makes. We can increase our share, no doubt, on the basis of price competition, but if performance guarantee is given by the Indian Government, it will go a long way in creating confidence.

In this market segment the best way to enter is through winning Government tenders. India has already secured a few tenders. Here again, even though our prices are competitive, cordial relations with the local agents would go a long way to establish our reputation. But there are complaints about our quality, delivery period and non-adherence to specifications. Further, the set-up in Thailand requires some expenditure on entertainment to officials concerned and hence provision has to be made for it, if more and more tenders are to be won. In some selected items - ACSR conductors, transformers and sub-station equipment - we have a fairly good reputation. If only it is backed by prompt delivery and payment of agency commission, we are bound to get an increasing share. Other things remaining the same, the key to success in this field lies in the selection of local agents. Indian Embassy has helped some of our exporters in the selection. It is understood that the Embassy staff publicises the names of local agents along with important tender notices in the Indian Export Service Bulletin. A larger penetration in this area requires personal contacts and the Reserve Bank of India should make available adequate foreign exchange to cover the expenditures.

The market for raw materials and processed intermediate goods is the most promising for Indian exports. Here the approach will have to be same as in the market for capital goods. Thai economy is being gradually industrialised. Either Indians can set up joint ventures (for which the investment climate is fairly good) thereby creating demand for semi-processed goods or try to cater to the industrial units which have already been set up. It is worth noting that the industrial units which have already been established with Japanese, German or US collaborations would go in for raw materials in India and elsewhere provided there is price advantage. There is much scope for the export of billets, blooms, etc. to feed the local iron and steel industry. So also an increasing share can be had in industrial chemicals (particularly soda ash), intermediate pharmaceuticals, aluminium ingots, bicycle parts, etc.

Another field which holds promise for Indian exports is construction. Construction activity is booming and the trend is expected to continue. Thai construction contractors are keen to get in touch both Indian counterparts for bidding in Government construction jobs. The foreign contracting firms operating in Thailand have

got orders to keep them fully busy for another 4 - 5 years. In this context, the chances of getting into the market are quite promising.

On an assessment of Thailand's trade prospects it appears that it should not be difficult for India to export around \$ 50 million worth of products by 1974. The Indian export statistics show that exports totalled \$ 10.8 million in 1967 and \$ 10.3 million in 1968. The fall in exports of diesel oil in 1968 was mainly responsible for the stagnation in 1968. Indian oil Ltd. could not meet the Thai specifications, but the demand is still there.^{1/}

A vigorous export drive would be necessary to achieve the level of exports indicated above. First of all, steps need to be taken to remove the complaints about non-payments and delays in the payments of commissions. Recent decision of the Government of India to establish a single agency to look into the payments of cash assistance to Indian exporters should go a long way to remove these complaints. It is reported that delays at the Indian end occur primarily because of the exporters' decision to wait until the cash assistance is given.

^{1/} Thai importer requires diesel oil of 90% distillation range quality. The Cochin Refinery from which the earlier exports were despatched, it is reported, is not in a position to produce diesel oil of the requisite specification. Even though there is a good demand for fuel oil in 'Thai Market', it is not certain whether India can get a share, in view of domestic needs. It is to be hoped that Indian Oil Ltd. will consider giving first priority to exports.

Quality of the export goods must be vigilantly checked. Many Thai importers expressed doubts about the work done by our export inspection agency. It was suggested that as in Japan, every shipment should carry a label indicating that an inspection was done by the Government agency. Leading Thai importers suggested that the activities of the unscrupulous exporters who are generally small parties should be adequately checked. In some Thai quarters, an impression is gaining currency that India is out to dump her goods irrespective of the quality. This arises mainly because of the indifferent quality of goods so far shipped, the carelessness with which the trade is handled from the Indian side and an almost complete silence maintained over the inquiries and correspondence emanating from Thailand. Even inquiries made on the basis of information supplied by the Indian Embassy remain unattended. All these factors lead an importer to believe that India is not interested in any sustained sales in the Thai market.

Annual budgets of the country and of the various autonomous authorities given in detail the programmes of development to be taken up in the year. These papers are generally printed in Thai. Either the Commercial Section of the Embassy or the local branch of STC should scan the documents with a view to identify the items which are likely to be tendered for.

Under the sponsorship of the Board of Investment, a monthly magazine 'Investor' is published. It gives details of the new manufacturing units likely to come in production, their raw material requirements, collaboration arrangements, etc. The information should be analysed with a view to identify materials which India can supply. The market being competitive, manufacturers tend to go to cheaper sources of supply, even though the earlier intention might have been to import the material from third countries. There are good possibilities of long-term contracts being entered into for the supply of steel billets, skelp, pig iron, industrial chemicals, etc.

Even though the foreign exchange situation of the country is sound, promotion of imported goods would

require an offer of liberal credit facilities. This is all the more true in new product lines. The wholesale and retail market is based on credit. Rates of interest being high, distributors want to keep minimum inventories. The chain is further stretched to importers. Hence offer of credit should facilitate an increase in trade.

RECOMMENDATIONS

A. Commodity

Attention should be given to the following commodities as they offer the best possibilities for substantial sales.

(a) Iron & Steel, particularly blooms, billets and slabs, skelp, angles and shapes;

(b) Engineering products such as diesel engines, pumps, machine tools,

(c) Railway equipments,

(d) Bicycle parts,

(e) Industrial chemicals,

(f) Dried fish and canned fish products and,

(g) Cashewnuts

Tea: Tea should be exported in bulk packings (say in 20 Kgs. chests) to facilitate mixing with the local variety.

Spices : Packing of spices need to be improved. Packing in 50 Kgs.bags is preferred in the Thai market.

Jute : Market for floor coverings made of jute should be explored.

Engineering Goods : For the promotion of pumpsets, diesel engines and electric motors, advantage should be taken of the offer of the Secretary-General of National Economic Development Board to provide facilities for demonstrations at strategic locations.

B. General

Indian exporters should explore thoroughly the possibilities of using Thai import houses as agents. This is all the more necessary for those exporters wishing to enter in the government tendering business.

The commercial section in the Embassy and/or STC office at Bangkok should study the annual budget papers to identify the areas where tenders are expected.

"The Investor", a journal issued by Board of Investments should be studied to find out the opportunities for supplying raw materials to the prospective industrial units. Possibilities of entering into long-term contracts for supplying raw materials should be explored.

Indian exporters should see that the tender documents are received by their agents 3/4 days before the closing date.

The working of Indian export inspection agency needs to be tightened up. The quality of exports has to be rigorously checked.

Exporters should quote prices which should remain valid at least for three months.

The Embassy should make arrangements for the visiting trade delegations from India to meet the parties established in the trade of specific commodities.

Sufficient funds should be handed over to the Embassy to purchase tender documents on behalf of prospective exporters on reimbursement basis.

A minimum of week's stay should be allowed for the visiting salesmen.

Reverse visits of Thai agents and senior officials of the purchasing ministries should be arranged.

Greater attention needs to be given to accurate documentation of export papers and to see that they arrive in time.

PART ONE

ECONOMY

Chapter 1

ECONOMY

Thailand lies on the Indo-Chinese peninsula of South East Asia. It has a fairly extensive coastline, 1,875 kms. on the Gulf of Siam and South China Sea and 740 kms. on the Indian Ocean. As the major port (which handles about 96 - 98 per cent of the import trade) is situated at Bangkok on the Gulf of the Siam, the nautical distance from Eastern Indian ports is about 2,400 - 2,500 miles. Ships have to come from the Indian Ocean around the Malaysian peninsula to the Gulf of Siam.

Resources

The country's resources basically lie in agriculture and forestry. Prosperous and highly diversified agriculture forms the backbone of the economy, contributing about 30 per cent of GDP.

Agriculture accounts for 90 per cent of exports and 80 per cent of total employment. Though there was

a setback to crop output in 1967, the performance over the last 6 - 7 years was quite good (Table 1). Increase in cultivated area, crop diversification (one-fifth of value added by crops now is derived from products that were insignificant in 1958) and firm export demand were responsible for the increase in crop output.

Mining through holding bright prospects is still under-developed, deposits have not yet been prospected. Sizeable deposits of tin, antimony, fluorite, lead, zinc, tungsten, iron and lignite are believed to exist. At present, tin, manganese ore, iron ore and marl are mined. But mining production accounted for only 2 per cent of GDP in 1967.

The mineral resources are believed to be in the northern and the north-eastern regions. The southern peninsula bordering Malaysia contains rich deposits of tin and iron ore. This region also produces rubber, coffee, palm and coconut oil. The Central Plain consists of a fertile flat land with a well-laid-out irrigation system where rice is extensively cultivated.

The country's river system holds the greatest potential, primarily for irrigation and navigation.

and some power. A few sites have been developed, but others equally promising await development. Thus, the hydro-electric potential is estimated at about 2,870 MW compared to 325 MW now developed.

Population

Recent (1968) official estimate puts the population at 33.7 million. The rate of population growth is fairly high (about 3.2 per cent) and despite favourable land-man ratio, this rate causes mild concern. But the threat of over population is not immediate.

More than 90 per cent of the people are Buddhists; about 6 - 7 per cent are Muslims and the rest are Christians, Hindus and others. Indian population totals 25,000 - 30,000 and is engaged in trade, business and services (watchmen, urban milk supply, etc.). The Indian trading community comes mostly from Punjab and Delhi and is mainly in textile trade. There are a few well established Indian importers of non-traditional items from India. However, the trade and business (retail and wholesale) is dominated by the Chinese settled in Thailand.

Economically active population totalled 14.55 million in 1966 and formed about 44 per cent of the total population. Agriculture provides jobs for over 80 per cent of the labour force (Table 2). A slightly different composition of the economically active population is shown by the population census of 1960. Though there is no way of reconciling the two sets of figures, as they are based on different classifications, both the tables bring out clearly the dominance of agriculture and trade in the Thai economy.

Gross National Product

The performance of the Thai economy in the past 5 - 6 years has been exceptionally good. During the First Plan (1961-66) gross domestic product in real terms increased at an annual rate of 7 per cent, a rate slightly above the one anticipated earlier (Table 3). There was a setback in 1967, primarily due to drought conditions in the country and the level of economic activity declined. Gross domestic product is estimated to have reached 105.6 billion Baht (\$ 5.27 billion) in 1967 - a nine per cent increase over the previous year. However, one-half of the increase was due to price rise; the real output rose by

only 4.6 per cent, substantially below the growth rate of 8.5 per cent planned for the Second Plan (1967-71). In fact, agricultural output fell by about 8 per cent. That a growth rate of 4.5 per cent was achieved despite this setback is no doubt a confirmation of the vitality of the Thai economy but is also the result of vast US military and allied expenditure thereon. A debate is currently taking place on the economic impact of Vietnamese conflict on the Thai economy.^{1/}

National accounts for 1968 are not yet available, but indications are that the year closed a shade better than 1967. Agricultural production improved a little. But it is expected that the poor harvest of 1967 would show up in manufacturing, transport and communications, since agricultural output is processed and distributed with a discrete lag. The 1967-68 period can be described as a mild recession in Thai economy, which was however covered up by an exogenous infusion of purchasing power. The US expenditure in Thailand totalled more than \$ 250 million in 1968-- 20 per cent increase over the previous

^{1/} A brief reference to it is made later in the chapter.

year. The growth rate in GNP is likely to be about 6 - .7 per cent (in real terms) for 1968.

The per capita income is estimated at ฿ 3,088 (\$ 154.4) in 1967, which compares well with the neighbouring countries in the region. Though no data has been collected, it is known that the distribution is very much skewed. The upper income groups are mainly in urban areas, especially in Bangkok. Only about 11 per cent of the population is urban, about two-thirds of it being concentrated in Bangkok. Bangkok population is estimated to have reached a 3 million mark. Outside Bangkok there are only about 6/7 towns. Because of the concentration of population and industrial/commercial activities in Bangkok, much of the demand for industrial goods (and imports) emanates in Bangkok.

Economic Structure

An analysis of national income accounts and occupational structure shows some interesting features of Thai economy. Census of 1960 showed about 80 per cent of the population as economically active.^{1/} Though about 80

^{1/} Based on the information given in "Facts and Figures" published by Bangkok Bank Ltd., 1966.

per cent of the working force is engaged in agriculture and allied activities, the contribution of the sector to GDP was only about 30 per cent. In contrast, commercial activities (wholesale and retail) accounted for 20 per cent of the GDP, engaging only a little over 5 per cent of the active population. This sector is also one of the fastest growing; growth rate in 1967 was about 12 per cent compared to a decline of 8 per cent in agriculture. It is worth noting that value added from handling imports (i.e. wages and profits originating in import trade) reached a high figure of B 6,110 million (\$ 305 million) in 1967. As Bangkok handles very little entrepot trade, the relatively high contribution of the trade sector to the domestic product is an indication of the importance of trade in the economy and also of its higher profit margins.

The industrial sector is in development stage and its contribution to the domestic product is only about 13 per cent. Food processing, jute manufacturing textiles, cement, sugar and paints are some of the important industries. The Royal Thai Government is keen to industrialise the economy and various measures are being taken to encourage private (domestic as well as

foreign) investment in industry. However, the desire is for gradualness. Domestic manufactures are not likely to be favoured to the extent where they have a completely protected market. The emphasis would be on the cost aspects of production and the quality of goods. The Government is anxious to check price rise, and would not hesitate to import goods to keep the price level stable. The present liberal import policy is an evidence of this tendency.

Industrial investment in the first plan period (1961-66) and later has broadened the manufacturing base. Among the new industries are tyres, construction materials, pharmaceuticals, gunny bags, cotton textiles, metal products, car assembly and oil refining. Value of output in these industries is expanding at 22 per cent per annum. The climate for industrial investments is quite promising. Several incentives are offered including tax concessions and assurance against nationalisation in the "Promotion of Industrial Investment Act of 1962". Salient features of the Act and the industries promoted so far are given in Appendix II. The Ministry of Industry, the Board of Investment (BOI) and the Industrial Finance Corporation of Thailand are the organisations

assisting and guiding private investors.

Transport

The Government has placed great emphasis on the improvement and modernisation of transport system. Capital output on transport has more than trebled from less than ₹ 400 million in 1961 to over ₹ 1200 million in 1966. The second plan has an ambitious programme of highway construction, harbour development and railway improvement and extension to the tune of ₹ 11,120 million between 1967-and 1971, out of which ₹ 2,534 million (\$ 126 million) are expected through foreign loans and assistance. Indications are that substantial investments would materialise in this sector.

The progress in road transport is impressive. The length of highway network has increased from 8,450 kms. in 1960 to 9,404 kms. in 1965. During 1962-66, the number of vehicles increased by 14 per cent per annum. Particularly, a fast increase (26 per cent per annum) was noticed in the number of trucks and lorries. Though trucking services are privately owned, Express Transport Organisation (ETO), a public enterprise, has a dominant position. ETO provides pick-up and delivery services from

about 100 railway stations; operates intercity but service, island waterways and coastal shipping and coastal shipping and has insurance, hotels, service stations, etc.

Railways are managed by the Royal State Railways (RSR) as an autonomous public enterprise. The RSR has a total of 3,598 route kms. So far the railway development was mainly improving and modernising the existing services but in the near future, extension of railway lines is likely.

The Port of Bangkok is the main commercial gateway to Thailand. It has a cargo-handling capacity of 1.3 million tonnes per year. But last year it handled more than 2 million tonnes. Plans are afoot for the extension of this port and for development of a new deep sea port east of Bangkok. The Netherlands Government has agreed to finance the survey investigations for the expansion of Bangkok port.

Communications

Demand for telephones is growing at a fast rate. The average number of telephones in the metropolitan area of Bangkok-Thonburi is only 22 per 1,000 inhabitants.

The second plan envisages an investment of about ฿ 1,325 million, out of which about ฿ 800 million will be foreign loans.

Power

Five State organisations known as Electricity Authorities supply power to the whole kingdom. There are about 140 privately owned plants but their power production accounts for less than one per cent of the total supply. At the end of 1966, the installed capacity reached 553 MW. The installed capacity in 1968 is estimated at 870 MW and is expected to rise to 1,564 MW by 1971.

The Government has decided to merge the five Electricity Authorities into one to be named the National Electricity Authority to look after the generation aspect; distribution would be handled by the Metropolitan Electricity Authority and the Provincial Electricity Authority as before.

The power problem is acute in the Bangkok region where 90 per cent of the power consumption in Thailand is concerned. The emphasis is on the development of

hydropower which has the additional advantage of irrigating million acres of fallow land. The Yanhee Electricity Authority (YEA) handles over 90 per cent of the country's power supplies and serves a major area of the country extending from Chiangmai in the north to both sides of the Gulf of Siam. In 1967, YEA secured a loan of \$ 5 million from World bank to finance its \$ 197 million expansion plan; more foreign loans are in the offing.

If power demand is any indication to economic growth, Thailand's 35 per cent yearly rise represents an impressive gain among developing countries. The present consumption of about 550 MW is expected to jump three-fold in the next five years.

A USOM aided energy study (1966) predicted that the power demand which stood at 399 MW in 1966 would reach 900 MW in 1970 and 1,800 MW in 1975. The percentage annual increase in maximum demand and energy generation which reached 28.3 and 34.15 respectively in 1966 are expected to continue at still higher rates in the coming years. Investment required in generation, transmission and distribution facilities to keep pace with the increase in demand is estimated at \$ 72 million per year during

1976-85. These investments would mean a considerable market for imports of electrical equipment and materials as also opportunities for local manufacture.

Consumption

Though the share of consumption expenditure in the domestic product has steadily fallen during 1964-67 from 80.5 per cent to 75.3 per cent, the level of consumption has increased at an annual average rate of 6.3 per cent and that of Government consumption at 11.8 per cent. About half the private expenditure is on food and beverages. The other important items are transportation (8.8 per cent), clothing and other personal effects (8.2 per cent), recreation (6.6 per cent), rent (6 per cent) and health (5.3 per cent).

Investment

Capital formation in the national accounts is defined as a total of (a) imports of capital goods (b) construction (c) other domestic capital formation and (d) changes in inventories. Total gross fixed capital formation was valued at ₦ 26,741 million (\$ 1,337 million) in 1967 - a 15.6 per cent increase

over the previous year. Public investment accounted for only 25 per cent of the total, as the Government policy is to rely more on private efforts for economic development. There are however about hundred state enterprises operating mostly in power, transport, communication, warehousing and finance. Government participation in industry itself is minimal. But as investments in the public sector mostly take place for building up the infrastructure through imports of capital goods, these investments assume importance from the import angle.

The import content of gross fixed capital is estimated at ₦ 7,253 million (\$ 363 million) in 1967. Imported capital goods (defined as transport equipment, machinery and other equipment and industrial raw materials) account for one-quarter of the total imports and have shown a tendency to grow at an annual rate of 17-18 per cent. No information is available on the precise share of public enterprises in the capital goods imports, but they may be estimated at around \$ 150 - 170 million per year.^{1/} These items are normally purchased through open

^{1/}The trading circles estimate the annual value of public tenders as anything between \$ 100 million and \$ 1500 million. However, import statistics put the ceiling at about \$ 360 million. Assuming the same proportion of public sector imports of capital goods as its share in gross fixed capital formation, these imports total \$ 90-95 million. It is, however, known that the equipment imported on Government account is high valued (power, railway, telecommunications equipment, etc.). It is on this reasoning, that the above estimate is arrived at.

public tenders.

Machinery and other equipment account for one-half of the imported capital goods (c.i.f. value in 1967 totalled \$ 182 million). Japan and the U.S. are the major suppliers. C.I.F. value of transport equipment (trucks, buses, automobiles and railway rolling stock) amounted to \$ 105 million in 1967. This market is predominantly held by Japan.

Industrial raw materials include items such as steel, lead, aluminium, etc. needed for the domestic fabrication industry. Their value is estimated at \$ 75 million in 1967. In view of the rising industrial production within the country, imports in this subgroup are likely to increase at a faster rate even in the near future.

Monetary System

The monetary system is operated by the Central Bank and five types of financial institutions viz., commercial banks, Government savings bank, industrial finance Corporation (IFCT), loans office for Small industries development and bank for agriculture and agricultural cooperatives.

Commercial banks play a leading role. There are 13 foreign banks (one is Indian viz. Indian Overseas Bank Ltd.) and 16 domestic banks. These banks do not normally grant medium or long term loans, because the term deposits are withdrawable at any time, the return on government securities is attractive and the Central Bank does not encourage term lending by commercial banks.

The industrial finance corporation was established in 1959 for providing long term industrial loans. It still lacks sufficient financial resources to play a larger role in industrial development. The loan office was established in 1964 to help small industries. Its operations are still in an experimental stage.

The bank for agriculture and agricultural cooperatives came into existence in 1966 by taking over the erstwhile bank for cooperatives. The bank is supposed to cater to the long term finance requirements of farms. But at present its activities are limited to the finance of exports of agricultural products.

The central bank follows a pretty conservative monetary policy. The structure of interest rates is high. Commercial banks are allowed to charge as high as

14 per cent on advances. Interest chargeable on export finance is 9 per cent per annum. High interest rate militates against a long-term payoff and hence industrial investment with long gestation period becomes less attractive. The rates of interest in unorganised money market varies between 25 to 30 per cent per annum. The current monetary policy, however, has helped to stabilise the price level.

Fiscal System

Taxes contribute about 85 per cent of the total revenue of the Thailand Government. Among the taxes, emphasis is on indirect taxes. More than 85 per cent of the revenue in 1967 was collected from indirect taxes and less than 15 per cent from direct taxes. The contribution of Government enterprises to revenue is negligible. Salient features of the taxation system are described in Appendix III.

Government is not contemplating any change in the tax structure, but wants to lay emphasis on improving the collection system. It is, however, doubtful whether improved collections will increase revenue to an extent as to meet the financial needs of the second plan.

Taxes as percentage of GNP rose marginally from 11.3 per cent in 1962 to 12.4 per cent in 1966.

Planning and Development

The role of planning in speedy development has been realised by the Thai Government, and in 1961, the first six-year development plan was formulated. Achievements under the plan were impressive and the GNP grew at an average rate of 7 per cent during 1961-66, compared to 5 per cent originally envisaged. Impressive records were set in exports and imports which grew at 10 and 12 per cent respectively during the Plan period. Imports in 1966 totalled \$ 925 million. The trade deficit was more than covered by invisible exports and capital movements and there was a net addition to the foreign exchange reserves to the extent of \$ 483 million.

The high growth rate was made possible by the sharp increase in investment in the first plan. The shortfall in public sector was more than offset by the unexpectedly large investment in the private sector. During the first plan private investments totalled \$ 67,500 million compared to a public sector investment of \$ 25,000 million. The average annual growth in

gross fixed investment was about 14.7 per cent and its share in GDP increased from 15.3 per cent in 1960 to 22.2 per cent in 1966.

The price level was remarkably stable during the period, the wholesale price index fluctuating in a narrow range of 93 - 100 (base 1958). The year 1966 saw a steep rise from 96 to 110. The index jumped to 123 in September, 1967 (an effect of drought conditions), but came down to 114 in August-September, 1968 (Table 4).

Price stability along with extensive international reserves, has made the Baht an exceptionally strong and stable currency in the region. Officially, the exchange rate is fixed at 20.80 Bahts for a U.S.dollar. The free exchange rate is not only close to the above rate, but at times it is quoted a little lower (between 20.55 and 20.90) reflecting the strength of the currency.

Emboldened by the success of the first plan, the National Economic Development Board has set up a target of 8.5 per cent growth rate for the next five years (1967-71). Tables 5 and 6 give the details of the plan. By and large, Thai authorities believe in a free economy and hence the future development expenditure would mainly be confined to agriculture, irrigation,

transport and communications, power, education and public health. Development of industries is the responsibility of the private sector, though the Board of Investment would guide it through promotional and other incentives. An expenditure of \$2,876 million is envisaged in the public sector - 29.7 per cent for transport and communication, 19.8 per cent for agriculture and 8.6 per cent for power development.

The sources of financing the first and the second plan are given in Table 7. The estimates of resources are based on a number of optimistic assumptions. These are under three heads viz., (1) estimate of tax revenue, (2) borrowing from domestic sources, and (3) external borrowing. Under taxes, the second plan assumes that tax revenue (at constant prices of 1965) will grow at 13.5 per cent a year. This is substantially higher than the realised growth of 11.0 per cent in the first plan though the contemplated increase in industrial production as well as imports, to which these taxes are mainly related, is less than in the first plan.

The second plan relies much on borrowing from commercial banks as well as the Bank of Thailand for financing the plan. The implicit increase in money

supply is 22 per cent a year. This is a very large increase compared to the planned increase in income and if the Thai Government's objective of growth with price stability is to be realized the increase in money supply and consequently the availability of resources through the banking system would have to be far less than estimated.

Finally, the plan takes credit of external loan assistance of about B 20 billion for the period 1967-71 - about B 10 billion for the public sector and an equal amount for the private sector. In the balance of payment account, on the other hand, a deficit of only B 8 billion is anticipated. Evidently, the savings gap is B 12 billion in excess of the balance of payments gap. If it is assumed that external assistance will be available only to meet the latter gap — and not to add to the already large reserves of over \$ 900 million which any higher figure would imply — a substantial curtailment in the plan will be unavoidable.

Private sector investment in Thailand is larger and more significant than the public sector's. For the second plan, its share in total investment is placed

at 70 per cent. Since the Government has left the entire field of industry and mining to private sector, the growth of private investment becomes a 'must' sector, for the industrialisation of the economy. The Thai Government will continue its policy of promoting private investment as private efforts have succeeded in the past in the industrial field beyond expectation.

During the second plan, private investment is expected to increase at an annual rate of 8.7 per cent, yielding a cumulative total of $\text{¥ } 92,800$ million for the five years. This investment, however, is not firm as it has been derived as a residual between total desired level of investment and investment in the public sector. No sectoral distribution of this investment also is available. According to the estimates given in the plan, $\text{¥ } 73,800$ million, or about 80 per cent of the total investment of $\text{¥ } 92,800$ million, is expected to be self-financed by the private sector. Of the balance, foreign sources are estimated to provide $\text{¥ } 10,000$ million and the domestic financial institutions $\text{¥ } 9,000$ million.

Sectoral Programmes

Agriculture: The agricultural sector continues to be of pivotal importance to the Thai economy. In the second plan, the Government has given great priority to this sector. Of the total public sector outlay of ¥ 57,520 million, ¥ 11,360 million, or nearly 20 per cent, is for agriculture and cooperatives. The main policy objective in agriculture is to accelerate and diversify production as well as improve the quality of agricultural products, and ensure that the benefits of higher production accrue to the farmers. This is sought to be achieved through various measures which include expansion of irrigation facilities, greater and improved supply of inputs, strengthening of agricultural research and experimentation, provision of rural credit and promotion of agricultural institutions, improvement in marketing system, land-tenure system, etc.

Nearly 60 per cent (¥ 6,450 million) of the total agricultural outlay is proposed to be spent on irrigation. As a result, total irrigable area is expected to increase from 11.5 million rai^{1/} in 1966 to 15 million rai in 1971.

^{1/} 1 rai = 0.395 acre or 0.16 hectare.

million rai in 1971, Most of the irrigation projects included in the second plan are spill over from the first. The major new projects are Pasan dam (Nan), Pran project, Nam Oom, Upper Chee, Upper Mun and Nam Yam storage dams. The first three projects have already been assured of assistance from the World Bank.

The irrigation programme for the second plan is very ambitious, indicated by the more than three-fold increase over the outlay of ¥ 1,725 million incurred in the first plan. The slow pace of expenditure in the first two years and delays in initiating new projects however suggest that the target set in the plan in terms of financial outlay and physical programmes may not be realised.

As a result of the outlay in agriculture in the second plan, the net value added by the agricultural sector is estimated to go up by about 4.3 per cent a year. Among the major commodities, production of rice is expected to increase from 9.60 million tonnes in 1965 to 13.7 million tonnes in 1971, of maize from 1.0 million tonnes to 1.5 million and of fish from 637,500 tonnes to 860,000 tonnes (Table 8). Despite the somewhat faster growth of some other crops, rice will

continue to be the basic agricultural crop in the second plan. The growth in rice production, as in several other crops, has so far been quite impressive, but this has been mainly achieved through extension of area under cultivation. For any further rise the emphasis has to be on raising productivity through increased inputs. This matter has received adequate recognition in the second plan.

Industry : In industry and mining, the Government's role would be mainly promotional. Apart from completing the projects already initiated, the Government has left the entire field of industry in the plan to the initiative of the private sector. Consequently, the share of industry and mining in the public sector plan would decline from 8.3 per cent in the first plan to 1.6 per cent. Apart from providing funds, through financial institutions like the industrial finance corporation, the Government would assist private industry through technical services such as industrial research and market assistance, fiscal and monetary incentives, survey of industrial raw materials, location of industrial sites, etc. The Government would also promote free competition and prevent unfair competition or monopoly restraints.

Through its Industrial Promotion Act, the Government has decided to give priority to (1) industries that seek to utilize domestic natural resources, (2) industries that will produce for exports, (3) industries that will generate local employment, and (4) industries that will bring in modern technological innovations.

As a result of anticipated private sector investment and the facilities provided by Government, the gross domestic product originating in the mining and manufacturing sectors is expected to increase by 8 per cent and 10.8 per cent per annum, respectively, during the Second Plan. The production targets for some of the major commodities are given in Table 8. The industrial targets given in this table cover only a few major items which however constitute a small proportion of total production.

Power : Total installed capacity in 1966 was 553 MV of which 260 MV was thermal capacity, 163 MV hydro-capacity and 130 MV diesel capacity. The plan contemplates an average annual increase of 23 per cent in installed capacity, raising the total capacity to 1,564 MV in 1971. Most of the increase is expected to be in

hydro-capacity (which is estimated to increase fourfold to 633 MV) and thermal capacity (estimated to increase threefold to 768 MV).

For achieving the targeted growth, the plan provides for a total outlay of ¥ 5.0 billion during the second plan, of which ¥ 1.0 billion is estimated to come from enterprises' own resources. Practically the entire provision is for adding over 1,000 MV of additional generating capacity and the related transmission and distribution facilities.

The proposed increase in capacity and the financial provision for power have been based on the recent growth in demand. Since 1962, YEA's energy sales have gone up by 170 per cent. Due to fast industrial growth and construction boom as well as demand by the U.S. army, annual rates of growth have reached a peak of 33 per cent after 1964. There are, however, indications that the construction boom is slowing down. It is also doubtful whether U.S. military demand will continue to grow. Further, the plan itself contemplates a slower growth of industry than in the first plan. On the other hand, the structural change

in the industrial field may justify a growing demand for power

Transport and Communications : The plan provides for an outlay of B 17.1 billion on transport and communications, raising its share in the total plan outlay from 26 per cent in the first plan to 30 per cent in the second. Highway development programme forms the largest component of the development expenditure on transport. During the second plan 1,700 kms. of additional highways are proposed to be constructed, increasing the total length of national highways to 11,300 kms. by 1971. In addition, 2,100 kms. of provincial roads are also proposed to be constructed, raising the total length of these roads to 9,027 kms. The railway development programme concentrates mainly on improving the carrying capacity and efficiency of the state railway system. For this purpose, the Government of Thailand has already contracted loans from the World Bank and Japan. Compared to the outlay on roads, the railway programme is modest.

Past Trends in the Economy :

Thailand has enjoyed a remarkable prosperity throughout last decade, only minor ups and downs

appearing in specific sectors. The GNP has doubled between 1957 and 1967 in real terms. The economic structure is gradually changing and more resource-based industries have come into existence. The share of agriculture shows a gradual decline (Table 9). Cement production has increased 3.75 times, jute manufactures 12 times, sugar six fold and paper four and half times. Significant increases in industrial activity were recorded after 1963-64 (Tables 10 and 11).

Capital formation, a key index of economic development increased by 266 per cent from its 1957 level and formed about 26 per cent of the GNP in 1967 (1960: 16 per cent of GNP). This phenomenal increase in savings and investment was not brought about by any compulsory curbs on consumption expenditure. In fact, during the last decade, consumption expenditure rose by 80 per cent and was reflected in the high standards of living of the people.

Especially after 1960, the World Bank and other international agencies (and also influential foreign observers) had regularly predicted gloom for Thai economy, as according to them, the prosperity was

based on U.S. war spending. However, it appears that through a sound management of monetary and fiscal policies, Thai authorities have managed to use the 'war-based prosperity' for laying a sound basis for economic growth. Indications are that this policy would continue.

Prospects for the Economy

However, in the near future, the direction and pace of the Thai economy will depend upon the U.S. military and allied expenditure and its continuance. Divergent views are being expressed on the role of U.S. expenditure in Thailand. There is general agreement on the boost-up that this expenditure has given to Thai economy recent past. But it is also held that the stoppage or slow-down of this expenditure will not harm the economy much. No doubt, certain sectors, viz. construction, hotel industry, recreation and entertainment etc. would be hard hit. But apparently these are relatively unimportant sectors in Thailand's total economic structure and, in any event, it appears the economy will absorb the shock. These views are firmly held among traders, local and foreign and this has benefited foreign investments and joint ventures.

Academic and government economists, on the other hand, prefer to be cautious. At the other extreme, foreign observers predict nothing but gloom. An analytical study of the impact of U.S. military expenditure on the Thai economy was recently made by a Ford Foundation expert.^{1/} Briefly his conclusion is that about 64 per cent of the increase in GDP between 1965 and 1967 was directly or indirectly related to U.S. expenditure. This conclusion is on certain assumptions such as the value of the foreign multiplier and the method of computation. Here, there is scope for disagreement; but, on facts, there can be little debate. The following table gives the size of U.S. expenditure and their relation to a few important economic indicators:-

Year	Sources of U.S. Expenditure (Billion Baht)				Percent of U.S. Expenditures		
	Military	Rest & Recreation	USOM Financed operation	To-Total	To Exports	To Imports	To Increment in GDP
1965	0.55	.05	-	0.60	5	4	8
1966	2.60	.24	.30	3.14	23	17	20
1967	3.75	.41	.40	4.56	33	23	52
1968	N.A.	N.A.	N.A.	5.00	-	-	-

^{1/} Hatzfeldt : The Impact of U.S. Military Expenditures on the Thai Economy, December, 1968.

This statement shows that (a) the quantitative importance of U.S. expenditure to Thai economy is beyond doubt and (b) this importance has increased over the past 4 years. On the theoretical plane, this expenditure constitutes 'invisible exports' of Thai economy. Their sheer size has offset the poor performance of agriculture, has helped to sustain higher levels of imports year after year and has led to an increase of foreign exchange reserves from \$ 529 million in December, 1963 to \$ about 1,000 million in December, 1968.

In all likelihood, U.S. expenditure will continue for some time and even if the political situation in the region changes for the better, the phasedown is likely to be gradual. Evidently the phasedown would create domestic deficiencies in certain sectors tending to a deflation. Five key areas so affected can be identified : (i) raw and processed materials used in the construction and maintenance of military installations (ii) commercial and industrial services provided through U.S. financed operations (iii) housing facilities (iv) goods and services directly related to U.S. military presence and (v) autonomous imports.

These adverse effects are likely to be counteracted by a wise monetary and fiscal policy utilizing the large foreign exchange build-up for a large scale development programme. Studies by the USOM indicate that a budget deficit of about $\text{¥ } 5,000$ million could be handled with less than 5 per cent increase in general price levels, if imports are not restricted.

If this is correct, the import prospects of the country over the next 4 - 5 years are particularly good. Even on a pessimistic outlook, the threat to Indian exports, on account of a phasedown, is quite negligible. This is for more than one reason. First, the phasedown is likely to hit more severely imports of consumption goods, where India at present has little at stake and where India is unlikely to have any competitive strength in the near future. In the past few years, our exports to Thailand mainly consisted of iron and steel manufactures, electric cables and equipment, other capital goods and industrial raw materials. It is expected that on a phasedown, investment expenditure (and consequently imports) would be less hit. The second plan of the Thai Government has given more emphasis to investment in agriculture, irrigation, power and transport. These

are the areas where a greater share of the import market can be captured by India.

Second, Japan which is our foremost competitor in this segment of the market at the moment, is slowly becoming a high cost producer. With proper trade and marketing policies, an increasing share of the market can, therefore, be carved out for India.

Third, India's share in the total Thai imports is at present negligible, about 1.5 per cent. So even if the aggregate demand falls, resulting in a lowering of total imports, it should not be very difficult to increase our share by another 2 - 3 per cent, if adequate trade promotion policies are adopted and the current difficulties removed. This is especially true in respect of non-traditional items such as engineering goods, iron and steel manufactures, electrical equipment, etc.

PART TWO

TRADE

Chapter 2

MARKET STRUCTURE

Structure of Import Trade

Even though any person having the necessary finance can enter the import trade, there are only about 1,000 firms handling imports. The wholesale and retail trade is wholly with the Chinese except textiles. It is said that about 30 to 40 per cent of the textile wholesale trade is in Indian hands. The smaller wholesale firms procure their supplies through the importing firms on an agency basis. Most import trade is handled by locally based foreign firms and to a small extent by the Chinese. Manufacturers and trading houses from almost every important country in Western Europe, Japan and U.S.A. have their offices in Bangkok. Thais are gradually taking up import trade mostly via Government tendering. Because of their contacts or family relationships with highly placed Government officials, Thai businessmen are able to get government bids. They then contact local foreign agency firms or manufacturers in foreign countries directly for supplies. It is in this context that the need for Indian manufacturers, interested in

Government tenders, to get influential Thai agents is of great relevance.

Japan which now accounts for about 35 per cent of Thai imports (in 1958, the share was 20 per cent) managed to get this large share mainly by opening branch offices of their parent organisations. At present, about 75 Japanese trading companies operate in Thailand of which 30 are registered^{1/} in Thailand.

The local Indian community which is about 10,000 strong is almost wholly in import business - wholesale as well as retail. They deal mostly in textiles, imported from non-Indian sources. They started with

1/ Under the Thai law, every business unit must have a registration certificate. But the immigration law does not permit permanent residence status to all the applicants. Every year about 200 persons are given such a status. Hence many alien business houses open a temporary office - mostly in hotel rooms - book orders and leave Thailand after three months - the maximum period allowed for temporary visits. With a trip either to Singapore, Malaysia or Hong Kong, the representative returns to Bangkok. It is reported that about 40 Japanese firms follow this practice. Clearly, these are unregistered under the Thailand.

The Government is aware of the inconveniences suffered by business houses because of the immigration law and it also knows how it is circumvented. There is a talk about liberalising the immigration law. But no change is likely in the next 4/5 years.

Indian textiles, but due to the unremunerative Indian prices have in course of years turned to Japan, Hong Kong and Pakistan. There are about 5/6 Indian firms dealing in non-traditional items such as steel products and engineering goods mostly on agency basis. These firms have done good business in Indian products in the recent past.

Apart from individual Indian importers/indentors, there are about four branch offices of Indian manufacturers/trading concerns functioning in Bangkok. Opening of new branch offices has become difficult for two reasons. It is almost impossible to get residence permit for Indians to man the office. Unless the Indian companies are willing to follow the Japanese practice of moving the staff every three months, there is little hope of stationing Indian staff in Bangkok. Second, the opening of a branch office is subject to elaborate legal procedures which the Indian companies may find burdensome. Not only must the power of attorney for the manager be constantly changed as the manager changes, but the power of attorney is far more wide than the Board of Directors of the parent company would care to give to their managers.

However, it is generally considered prudent to open a local subsidiary which can be formed with relatively few restrictions. Further, this helps in dealings with Thai Government.

Marketing Practices

Channels of distribution generally adhere to the pattern long ago established by the larger importing firms, when they set up wholesale and retail dealers throughout the country. The recent entry of American, Japanese and European manufacturing firms has changed pattern slightly; integrated marketing channels are being gradually established. Though primarily a sales-oriented economy, Thailand is becoming more customer-oriented. This is evident in Bangkok, the national trading centre.

Many large multi-line distributors and wholesalers despatch salesmen to service upcountry markets. Shipments of goods to upcountry dealers on consignment is not uncommon. The branch offices of three reputed Indian manufacturing firms have already penetrated the mofussil markets through this method but with limited success.

Increased customer awareness is also seen in the fact that in Bangkok there are now more than 30 advertising agencies operating successfully; each one of them is handling at least one big international consumer goods account with a billing of more than one million Baht a year. These agencies have played a prominent role in promoting the use of modern sales promotion schemes and techniques using both modern communications media (TV, radio; movies, newspapers, outdoor advertising, etc.) as well as the traditional 'medicine' show or carnival side show 'huckstering'. In upcountry areas, the latter is quite popular particularly at temple fairs and religious and national festivals when all types of consumer goods are on display every night for a week at a time and are seen by thousands of people; many travel several miles from other neighbouring provinces to these festivals.

Pricing policies follow the normal pattern of quantity and cash discounts; selling terms vary. Sales generally are for cash, although consumer credit terms in many lines are often arranged for long-standing customers and for those considered good credit risks. Sales margins are usually quite narrow and profits are

determined by the rapidity of inventory turnover. Within reasonable range, product quality is recognised; in many lines a brand name with an established reputation for good quality and long life commands a premium price and a greater share of the market than the cheaper competitive items. Likewise the value of better service and the readiness to make good defective products are appreciated.

Bargaining still is something of a way of life in the retail market but the trend is now more distinctly towards modern methods of retailing; this is particularly so in the new department stores and super-markets where prices are fixed. Favourable credit terms to retailers are often provided by manufacturers and wholesalers anxious to expand their market. As a result, many retailers enjoy an enviable credit position and are able to exert considerable prices leverage in certain lines of consumer goods.

Information on trade markups is not available. The profit rates indicated in the business tax legislation are only notional. It is common knowledge that the trade markup is generally high at the importers' level.

Margins at levels below are reported to be very low in view of the credit facilities given by the importer/wholesalers. In other words, finance is the key to profit margin. The ruling rates of interest being high, a dealer is more interested in turnover rather than a rate of profit on particular transactions.

Size of the Market

Thailand's domestic market has been absorbing with relative ease an average yearly addition of 10.5 per cent in industrial output. This snowballing consumption capacity will be augmented by another third during the current five-year plan. The latest available estimates show that private consumption expenditure is running at well above \$ 3 billion a year, accounting for in excess of 70 per cent of the gross national product.

One measure of the possibilities ahead is that the State will invest in the current plan close to \$ 3 billion by 1971 - a level that is twice the investment in the previous plan. The size and the content of the second plan are designed to sustain a growth rate of 8.5 per cent annually in the gross domestic product.

Market Shift

The sectoral allocation of \$ 565 million for agriculture and another \$ 854 for transport and communications, more than anything else, will significantly enlarge the domestic market to proportions undreamt of in the past. In particular, the construction of some 3,750 kilometres of major highways and 2,120 kilometres of feeder roads in the relatively neglected regions of the interior will facilitate the tapping of a large rural market.

There is a correlation between the development of agriculture and the building of highways. One immediate benefit flowing from the new roads that lead through forests and farmlands is that an increasing number of the country's 3.2 million farflung farms have quicker and smoother access to farm equipment, fertilizer, pesticides, extension service, ware-housing and packaging. These facilities mean a further increase in farm output which, in turn, create a further reservoir of purchasing power. In the next few years, the rural areas are expected to claim a considerably bigger slice of the total domestic market than the 60% they now have.

New Import Pattern

Today only one quarter of Thailand's imports are capital goods such as heavy machinery and transport equipment. Consumer goods like appliances and apparel and durables like automobiles and motorcycles have a large share of the imports each year.

In official statistics the import figures of many of these products are concealed in the anonymity of the 'miscellaneous' group. However, it is possible to hazard a reasonable guess regarding the size of the imports in some lines. For instance, Thailand imports annually some 100,000 electric fans, 60,000 electric irons, 15,000 refrigerators, 100,000 bicycles and motorcycles, close to 7 million pieces of locks and padlocks, 6,000 tonnes of bolts, nuts, screws and similar items, handtools worth more than \$ 4 million, rubber goods worth \$ 4 million and textiles valued in excess of \$ 82 million. Just a few years ago, Thailand's imports in some of these lines were not even a tiny fraction of the present day needs, which, in certain categories, are rising at 15 per cent yearly.

Chapter 3

FOREIGN TRADE POLICY

Import Policy

Under the Thai Government's general economic policy, goods can be imported freely with the exception of only 26 items. In 1968, this list contained 35 items but gradually a few items were deleted. Items currently under import control are given in Appendix V. The items are those which the country wants to protect and those which must be regulated for health, welfare and security reasons. Out of these 26 items, imports of sugar, old newspapers, pepper, bags of grey cotton, shirtings, silk goods, tin foils, and rice milling machines are completely banned. Imports of tea, coffee, stationery paper, automobile tyres weighing more than 15 kgs. per unit, empty iron and steel drums, logs, acetic anhydride, acetyl chloride, ammonium sulphate and urea are controlled. Normally, licences are issued to established importers on the basis of internal demand after taking into account domestic production.

In tea, a special procedure has been laid down. The prospective importer must purchase specified amounts of local tea (30 per cent in case of tea dust and 25 per cent for tea leaves) from Public Warehousing Corporation, before a licence is issued. The price charged by the Corporation range from £ 22 to £ 28 per kg. of tea leaves and £ 22 per kg. for tea dust. The quality of local tea is reported to be inferior and generally it is disposed of at the rate of £ 18 - 15 per kg. by reputed importers and the losses thus incurred are added to the cost of imported tea. Others mix it with the imported tea and sell at a higher price. The retail price of imported tea is £ 50 and upwards per kg. depending upon quality. The tariff rate is fairly high- 55 per cent ad valorem or £ 11 per kg. whichever is higher.

Export Policy

As in imports, there are few Government restrictions on exports. They fall in three categories: prohibition, duties and licences. Certain items are totally banned such as paddy and rice bran. Goods which are subject to duty include rice, rubber, timber

silk yarn, hides and skins and iron scrap. Duties are adjusted from time to time and are designed to keep the domestic prices down. Thus rice had an export premium of 30 per cent of export value till recently and Government collected £ 1,340 million as rice premium in 1968. With improved crop prospects this year, Government plans to liberalise rice exports by lowering the premium rates.

Licence for export is required for almost all important export items such as rice, maize, sorghum, sugar, fertilizers, tin, rubber, etc. In addition, a licence to export any of the items mentioned in the Exports Standards Act of 1960 is needed from the office of the Export Standardisation. The Act is designed to maintain quality control. The applicant must have a minimum capital of £ 500,000 and be a member of a recognized trade association. A membership of the general trade association is not considered sufficient, as there are specific commodity trade associations. Normally, Government controls export flows through these commodity trade associations. Thus, it is the Rice Export Association which allots quotas among its members and fixes the price in consultation with the Government.

Thus, the Government exercises much leverage, though indirectly, on the transactions. It is worth noting that the exporting interests are fully backed by the Government agencies, even though on paper it appears that the export policy is neutral. Thus, the Government fully supported the maize exporters recently when they wanted to back out from a price agreement entered into with the Japanese Animal Feed Trade Association.

Exchange Control

Foreign exchange transactions, although controlled in great detail according to the Control Act of B.E. 2485 (i.e. 1942 A.D.), are in practice very liberally administered. The ultimate controlling authority is the Bank of Thailand guided by ministerial regulations and directions issued from time to time. Over the years, the authorised agents (mostly commercial banks) have been given wide powers to sanction foreign exchange in the name of the Exchange Control Officer. Applications are processed quickly and hardly is there any instance of a genuine request being rejected.

In keeping with the Government policy of encouraging private investment, very few restrictions exist on the repatriation of capital, dividends, profits, etc. But ultimate control remains. Therefore, except for those funds guaranteed by an exchange assurance from the Bank of Thailand, the repatriation of funds by aliens is a matter of grace and not of right.

It is advisable for a foreign investor importing large foreign exchange for business to obtain an exchange guarantee from the Bank of Thailand, for remitting back the investment capital, dividends, interest, etc. In practice the Bank of Thailand expresses no objection to any repatriation even without such an assurance letter, to-date no investor has any difficulty in repatriating money. In view of sizeable foreign exchange reserves, no difficulties are envisaged in the foreseeable future.

Tariff Policy

The basis of tariff policy is the Customs Tariff Decree of 1960 amended from time to time. Changes are made by the Tariff Committee which meets once in a week and is chaired by Under Secretary of

Finance. Membership is confined to representatives of concerned departments such as the Ministry of Industry, the Budget Bureau, the BOI, the Customs, the Ministry of Economic Affairs, etc.

Generally, applications for tariff protection for promoted industries are sponsored by the BOI. Other industries submit their applications to either the Ministry of Industry, the Economic Affairs Ministry or the Finance Ministry. The guiding principles for the Tariff Adjustment Committee are : (a) aspiring industry should meet at least 60 per cent of the local demand and (b) prices and quality should be reasonably competitive.

Though these principles look fair, actual tariff making is more in the nature of horse trading. The authorities would like to give as little protection to domestic production as possible in their desire to keep the prices stable. On the other hand, new industries which are mostly set up by the army officials exert a good deal of pressure on the administration. These pressures have resulted in the tariff structure being irrational. Thus the tariff on raw materials is sometimes higher than those on the final goods.

What direction the future tariff policy will take is difficult to predict. On present indications, it is fairly certain that if the balance of payments shows any sign of deterioration, the country might cut imports of capital goods rather than those of industrial raw materials. At the same time, one can expect increases in tariff on consumer goods. It is unlikely that any global quota restrictions would be established though the possibility of quantity restrictions on the types of goods locally produced cannot be ruled out. Already Government has imposed such restrictions on rubber tyres and tubes, ammonium sulphate, urea, sugar, etc.

Preparing a tariff schedule is essentially a compromise between the consumer and the producer interests and hence much depends on the political influences that the two parties are able to muster.

On paper, the tariff-making process looks elaborate and time consuming, but quick decisions are generally taken and there is excellent coordination among the agencies concerned. No time limit is fixed for protection; it continues till conditions change to necessitate alterations.

There are about 3,000 items listed in the decree (based on Brussels Tariff Nomenclature) and most are dutiable on ad valorem basis. The duty ranges from 0 to 80 per cent with over 80 per cent of items having a rate of 35 per cent or less. Items of interest from Indian point of view carry a rate of 10 to 35 per cent. Tariff rates on important items are given in Appendix VI.

Import duties are generally assessed on c.i.f. values, though the law states that the 'value' is to be interpreted as 'the wholesale cash price exclusive of duty, for which goods of the like quality are capable of being sold without loss at the time and place of exportation'. Additionally, the Director-General of Customs notifies from time to time the average value for different categories of goods, to be used for assessment of duty.

Business Tax on Imports

In addition to custom duty, the importer has to pay business tax as in Philippines. Business tax is applicable to dealers and manufacturers of indigenous products as well, but in their case, it is

collected after the final sales. Business tax on imports is assessed in the following manner. The value of the goods plus the duty is multiplied by an amount called standard profit. This figure is estimated to be the profit that a seller in Bangkok would make on similar goods. A schedule of standard profits for different items is prescribed in the regulation itself. Business tax is then levied on the total amount of base value, duty and standard profit. Business tax rates vary from 1.5 per cent to 5 per cent depending on the nature of the commodity. A cash discount of not more than 2 per cent is given to importers, which is supposed to compensate partly for the loss of interest on advance payments.

Trade Agreements

Thailand is averse to bilateral agreements for trade concessions. The authorities point out with justifiable pride that there is a single column tariff schedule and any country can compete in Thai market on economic considerations. (Of course, trade with Communist China and Rhodesia has been banned on political grounds.) The result is that all trade agreements so

far signed are merely expressions of goodwill and do not substantially add to the competitive strength of the countries concerned. The recently signed agreement between India and Thailand is a case in point (Appendix VII). So far, Thailand has signed trade agreements with Japan, U.S., Austria, Taiwan and South Korea. The agreement with Japan provides for meetings of the officials twice a year to review the trade relations. Thailand has a sizeable adverse balance of trade with Japan and hence in these meetings pressure is put on Japan to purchase more from Thailand.

U.S. nationals used to enjoy some visa privileges but these have been withdrawn recently. Early in 1968, a Treaty of Amity and Economic Relations between Thailand and U.S. was ratified by the U.S. Congress. This was to replace the earlier treaty of 1937. Though the details of the new Treaty are not known, it is reported that no special trade concessions are offered to U.S. The treaty provides it is said only a set of general rules dealing with rights of citizens and corporations of one country in the territory of the other.

Although the Thai Government disfavours trade concession agreements, it has signed a few commodity agreements on its exports to protect the interests of Thai exporters. Thai exports consist mostly of primary products: rice, maize and topioca products accounting for about 47 per cent of the total exports with jute, rubber and tin contributing another 30 per cent. As the international prices of these items tend to fluctuate sharply, the Thai Government deems it necessary to check the market forces either by adjustments of export duty or entering into commodity agreements with bulk purchasers. Thus, in 1968, a Government to Government agreement was signed with India for the supply of 50,000 tonnes of mixed rice and 30,000 tonnes of parboiled rice. Similarly, an agreement was concluded by the Board of Trade (a Government sponsored agency) with the Japanese Animal Feed Trade Association for the supply of maize. Thailand is also a party to the International Tin Agreement.

It therefore appears that Thailand's external trade policy is pragmatic and not tied to any ideology. By and large, it is a liberal trade policy hedged by

considerations of protecting the national interests. Perhaps Thailand may not hesitate to sign a trade concession agreement if national interests are served; however, such a possibility may not arise in the near future on the import side.

Import Procedure

As there is no licensing system, import procedure is the same as followed all over the world. Along with the orders, the importer opens a letter of credit through his bank, for which 'EC 22' form has to be used. This form is intended to control the foreign exchange transactions. Payments for imports are required to be made by letters of credit unless otherwise approved. Similarly, all export proceeds and all receipts from invisibles are required to be sold to an authorised agent within a prescribed period. The exchange control law is administered liberally and, so far, few applications have been rejected.

Though no licence is required for imports, there is one exception. Licence from Health Ministry is needed for imports of pharmaceutical goods and

Ingredients. Licence is valid for five years and costs B 200. In principle, there is no difficulty in getting a licence, as the authorities want to check on name, composition, etc., as specified in the authorised pharmacopoeia. In practice, licences however, have to be expedited through extra payments. It should also be noted that the authorities insist that the accompanying literature inside the containers, cartons, etc., must be in Thai language. Any intending exporter must, therefore, arrange for the printing of necessary labels. Further, fines are imposed if the name given in the shipment differs (even marginally) from the one given on the licence.

Five copies each of the following documents must accompany imports: (i) certificate of origin, (ii) inspection certificate, (iii) bill of lading, (iv) insurance policy, (v) packing list and (vi) invoice. Any discrepancy in these documents creates difficulties for importers. In fact, it is reported that the troubles Hindustan Steel faced last year in its iron and steel shipment arose mainly due to faulty documentation. One of the frequent complaints made against Indian

exporters is that the documentation is poor; equally serious, documents arrive after the ships have reached Bangkok and this it is said is in about one in three shipments.

Local importers being very sharp traders do have a tendency to haggle on technical details, if meanwhile prices go down. Exporters, therefore, have to be very careful in fulfilling the contract to the letter.

To facilitate quick clearance, the Thai Customs has streamlined its procedure. Importers can submit all the documents before the arrival of the ship, so that all formalities are completed and the documents kept ready. This also helps in alleviating congestion at the Bangkok port. Customs officials urge the importers to take advance action. Unfortunately importers of Indian goods cannot take advantage of this facility because of delays at the Indian end.

As there are no restrictions on imports barring tariffs (which are single-column, in the sense no country enjoys any special preference), the market is

intensely competitive. Further, it is essentially a price market. This fact has important implications to prospective Indian exporters : (i) Our prices and terms must be competitive and must match with the offers from other countries (ii) any delay in shipping, delivery, etc., is taken advantage of by the local importer in repudiating the contracts if the local prices show a decline in the meanwhile; trading practices are generally sharp (iii) third-country business houses will not hesitate to buy from India if the prices of parent companies are not remunerative. In fact, a few British and Japanese companies based in Bangkok import Indian goods. This is sometimes facilitated if the companies represented by these firms have production facilities in India. In this latter case, the decision to buy Indian made goods is generally made at the headquarters. Obviously, much depends on the autonomy granted to local offices as the trading policies vary from firm to firm. Joint ventures established in Thailand also try to shop in the cheapest international markets for their raw materials, owing to the competitive character of the market.

Import Substitution

With more money with the public, effective demand is gradually rising. The size of the domestic market for consumer goods has enlarged considerably in the recent past and various manufacturing industries of local and foreign origin have established units to cater to the growing demand.

Government policy is to encourage all such effort. The Promotion of Industrial Investments Act was passed in 1962 to facilitate investments in new lines of industries. Under the Act special promotional privileges are given to new entrants in the designated fields. These privileges range from exemption of export and import duties, income-tax, tariff protection, Government guarantee in respect of repatriation of capital, exemption from nationalisation and freedom from Government competition. (Appendix 2)

The Board of Investment which administers the Act has the ultimate responsibility to accord the 'promotional' status. Though, there are no rules laid down, the BOI investigates the demand possibilities, the cost structure, the scale of production,

etc., before giving the promotional certificate. Aware of the small size of the local market, the BOI does not encourage any large scale import substitution programme, unless the proposed unit can meet 60 per cent of the local demand at reasonable price. If the scale of the proposed unit is such that the total domestic demand forms about 70 - 80 per cent of the capacity, the unit is allowed the certificate after a thorough inquiry into its cost structure. The authorities are aware of high cost of industrialisation and hence prefer to follow a path of gradualness. The emphasis is on manufacturing and assembly of consumer goods, light engineering goods and those capital goods for which a resource base exists (such as cement and tin).

Among the important industries that came into existence after 1960 and that have substituted imports on a sizeable scale are the following :

(a) Fertilizer Industry : Until 1966, local demand for fertilizers was entirely met through imports. The apparent consumption of fertilizers is estimated to have been 141,430 tonnes and 247,000 tonnes in 1966 and 1967 respectively. The important components

in 1967 were ammonium sulphate (47,740 tonnes) and ammonium phosphate (118,230 tonnes). A nitrogenous fertilizer factory went into production in 1967 with an annual capacity of 60,000 tonnes of ammonium sulphate and 30,000 tonnes of urea. In 1968, Thailand exported 5,000 tonnes of ammonium sulphate to Philippines. Another shipment of 5,000 tonnes was due in February, 1969. For protecting the unit, Government has licensed imports of ammonium sulphate and urea. Domestic demand for fertilizers is increasing at a rapid rate - about 60 to 65 per cent per annum. The trend will continue in the near future.

(b) Textiles : Consumption of textile fabrics has been placed at about 380 million square yards. Three-fourth of consumption is met by local industry which has expanded rapidly since 1960.

Production and Import of Textile
Products (million sq.yards)

	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
<u>Domestic Production</u>				
Cotton Fabrics	171.5	237.1	276.5	285.0
Man-made Fabrics	1.0	2.7	4.7	9.0
<u>Imports</u>				
Cotton Fabrics	115	100	89	91
Man-made Fabrics	61	69	90	109

Cotton textile industry was removed from 'promotional' list in 1964. But the Government bowed to the demand of local weavers and in February, 1968, raised the import duty from 35 per cent to 40 per cent on cotton fabrics and from 40 per cent to 60 per cent on man-made fabrics. Attracted by the sheltered market, recently an American company has indicated its desire to establish a textile factory. There are about 400 weaving mills in Thailand.

(c) Sugar : The industry was started under import substitution programme but is now an exporting industry.

In 1956, sugar production totalled only 50,000 tonnes and the country was dependent on imports. Now there are 32 sugar mills in operation. The performance of the industry is indicated by the following data.

(Thousand tonnes)

	<u>Production</u>	<u>Export</u>
1964	167.9	48.9
1965	319.9	83.8
1966	269.1	54.8
1967	232.4	16.8

Fall in prices in 1965-66, consequent to over-production, has affected the production in the latter years.

(d) Steel Industry : Steel fabrication was started as an import substitution programme and for long the industry did not fare well. But 1968, was a turning point and two steel plants with a combined capacity of 80,000 tonnes were set up. Both the plants have expansion plans and are expected to have a 270,000 tonnes capacity by 1972. Local steel production estimated at 80,000 tonnes in 1968 meets about three-fourth of the domestic consumption. The demand for iron and steel products has shown a rapid rise in the recent past and the trend is expected to continue.

A few Japanese and U.S. firms have shown interest in the establishment of more steel plants. BOI is at present examining the proposals and it is expected that by 1975 Thai steel production would go up to 400,000 tonnes compared to the estimated consumption of about 650,000 tonnes in that year. In view of these developments, demand for imported round bars, channels, angles, and wire rods is expected to fall by 1970 or so. However, there would be demand for pig iron, billets, blooms, etc., needed as a raw material until the steel melting capacity is increased.

Import demand for pipes and tubes, especially the welded, is small in Thailand as it has enough internal capacity and has already started exporting the items on a small scale to neighbouring countries. Still the imports of tubes and pipes totalled B 125 million (B 6 million) in 1967. Imports were mostly of sizes not locally manufactured. However, there is demand for skelp for the pipe and tube industry. For some time to come, the Thai steel industry is likely to remain at the rolling mill stage.

(e) Cement Industry : Cement is another example of an industry started for import substitution but which ultimately became an exporting one. Thailand has four cement plants with an annual output of 1.8 million tonnes which just equals the current domestic consumption. Because of seasonal fluctuation in demand (though the trend is rising), Thailand, though an exporter, periodically imports cement from Japan and Taiwan.

In 1968, there was a significant increase in capacity to 2.39 million tonnes. Domestic demand is expected to rise at an annual rate of 15 per cent and additional capacities are being set up. The Siam Cement Company, a major producer, has given the following forecast :

	(Million tonnes)			
	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>
Demand	2.00	2.37	2.81	3.34
Production capacity	2.39	2.88	3.15	4.14

Thus it appears that Thailand will have a considerable export capacity in the coming years. However, the country is likely to import clinker cement to step

up local production as it is deficient in this raw material. In 1968, 61,000 tonnes of clinkers were imported.

Incidentally, the cement industry illustrates the flexible tariff policy of the Government. The industry has a tariff protection of £ 150 (£ 7.5) per metric ton, but in 1967, when it was realized that the internal demand could not be satisfied through domestic production alone, import duty was slashed by two-thirds to £ 50 per tonne. The declared Government policy is to encourage price and quality competition and within the ambits of given political and economic power structure this is usually followed.

(f) Paints Industry : The past few years have shown a rapid rise in the consumption of paints and enamel. The apparent consumption in 1967 was about 17,620 tonnes compared to 10,160 tonnes in 1964. Local production accounted for 40 per cent of the 1967 consumption. The rate of increase in consumption has been about 10 per cent in 1965; 37 per cent in 1966 and 12 per cent in 1967.

There are 20 paint factories, most of them blending or mixing imported ingredients. Almost all raw materials, colour pigments, synthetic resins and titanium are imported. India is one of the sources but not a major one. Local production covers a wide range - enamel, undercoat, distemper, oil base, emulsion, anti-corrosive and road line paints. New capacities are being established and more applications are pending before the BOI. The Board has already suspended the industry from promotional rights. This combined capacity of the prospective manufacturers is likely to be around 5,700 tonnes per annum.

Leading suppliers of paint and enamel to Thailand are Japan, U.S.A., Hong Kong and U.K. who supply about 75 - 80 per cent of the imports. Outlook for imports of finished products is still promising as it will take time for the new factories to go into production. In any case, the market for raw materials is definitely there as Thailand has no local resources for processing. Over the past 3 - 4 years, the industry has done a good job at import substitution.

(g) Petroleum Refining: Demand for petroleum products is increasing at a rapid rate. Approximate monthly consumption of petroleum products at present is estimated at 378,400 KL (exclusive of U.S. military requirements) distributed as follows:

Motor gasoline	84,200 KL
Kerosene	16,700 KL
Diesel	172,550 KL
Fuel oil	94,879 KL
Asphalt	10,000 KL

Demand for gasoline is rising at 6 - 7 per cent per annum, of diesel oil at 25 per cent and of fuel oil at 17 per cent. With the commissioning of the thermal plant near Bangkok, an additional 120,000 tonnes would be needed per year.

Though Thailand does not produce any crude oil, it has 3 refineries - one owned by the Shell Group with a capacity of 35,000 barrels per day (BPD), another by ESSO (capacity 7,000 BPD) and thirdly the one with a capacity of 20,000 BPD, owned by the Government, but leased to the Summit Industrial Corporation (Panama) for operation.

Though these refineries have gone a long way in import substitution, their production falls short of demand by about 30 per cent. Besides, there is also a problem of matching supply with demand for the different products. It is reported that the ESSO group is likely to expand its operations. However, Thailand may remain an importer of petroleum products for the next 5 - 10 years. This conclusion is subject to the fact that between 1964 and 1967, indigenous production increased by 400 per cent to 2.43 million KL in 1967. It is difficult to say whether the same tempo will be maintained in the future.

(h) Rubber Tyres and Tubes : Yet another example of successful import substitution is the tyre and tube industry which has grown in the 4-5 years under tariff protection and promotional privileges.

There are at present two manufacturers : Firestone, a U.S. - Thai venture (capacity : 300,000 tyres) and Bridgestone (Thai-Japanese) with an annual capacity of 550,000 units.

A promotional certificate has been awarded (in mid - 1968) to a local company for the manufacture of 70,000 truck tyres and tubes. Goodyear's bid to manufacture 300,000 auto tyres and 200,000 tubes a year has also been approved. By 1970, local production is expected to reach 1 million mark, more or less equal to the demand expected by that time.

Prospects for imports are rather dim. The market is protected by tariffs; raw material is locally produced and promotional privileges are still available. But in the immediate future (say 3 to 4 years) there are fair opportunities for bicycle and truck tyres and tubes.

(i) Paper Industry : Thai paper industry mainly produces writing and printing paper. Industry is moving towards diversification specifically for the production of packing and wrapping paper, newsprint, cardboard and kraft paper. Two new mills (one for kraft paper and another for unfolded cardboard) are scheduled to start operation in 1969.

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On completion of the new mills, paper production will increase to 90,000 tonnes per annum

from the present 13,500 tonnes. Even then local production will be far below the 1967 level of consumption estimated at 120,000 tonnes.

The average annual rate of increase in paper consumption is around 16 - 17 per cent (based on 1961-1967 data). The breakdown of domestic demand by type of paper is as follows :

	(Thousand tonnes)				
	<u>1961</u>	<u>1963</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
Newsprint	24.4	26.6	25.9	34.9	32.7
Writing and printing paper	20.0	25.6	20.1	23.9	23.1
Kraft paper	5.7	8.2	9.4	11.9	12.9
Packing and wrapping	1.0	1.8	3.1	4.8	4.3
Paperboard and cardboard	12.9	22.1	28.7	36.7	47.1

The kraft paper mill will be able to meet the home demand completely and may have an export surplus. But other types of paper, especially paperboard, cardboard and fine-textured paper will continue to be imported.

This brief review of Thailand's progress in import substitution makes an impressive reading. All these developments are of recent origin. There is

confidence that the rate of investment would be maintained and the economy diversified. But the emphasis will always be on the word 'gradual'. Under the circumstances, there is quite good scope for increased imports, both of finished goods and intermediate raw materials. Competition from local producers would be there but the Thai market will not be fully protected in the way most of the developing countries do.

Chapter 4

REVIEW AND PROSPECTS OF TRADE

Foreign trade has been important in the Thai economic structure. Being a primary producing country, it depends mostly on imports for the manufactured goods. It pays for them through exports of rice, rubber, tin, jute, etc. In 1967, the value of imports and exports totalled \$ 35.2 billion (\$ 1.69 billion), one-third of the gross national product. Being an open economy, keen to develop with foreign loans and aid, the importance of foreign trade is sustained and may even increase in the future. The Government policy is to encourage trade through all means in keeping with promotion of national interest.

Thailand has incurred heavy trade deficits in the last decade and this trend also is likely to continue. The trade deficit has been consistent, rising from \$ 49.8 million in 1957 to \$ 327 million in 1967 (Table 12). The years 1966 and 1967 were the worst in the decade in these years the deficit increased by 77 per cent and 55 per cent over the previous years.

The main reasons for the large trade deficits are related to the slow pace of exports which consist mostly of primary commodities; production of these commodities is subject to weather. Further, the prices of these goods are open to large fluctuations. On the other hand, import demand has shown an average annual growth rate of over 10 per cent owing to the booming conditions in the internal market. Higher incomes generated through U.S. war expenditure were primarily responsible for the spending spree. At the same time, investments in industry, transport and communications have made their impact on effective demand. The liberal import policy, backed by comfortable foreign exchange reserves, has had the desired effect on the import trade.

Thai planners expect the trade deficit to widen still further in the current plan period (1967-71) to $\text{฿ } 32.4$ billion (\$ 1,557 million) from $\text{฿ } 13.2$ billion (\$ 678.6 million) incurred in the immediate past five years (1962-66). The trade deficit in 1967 was \$ 327 million and a deficit of \$ 500 million is expected in 1968. The deficit during the period 1967-71 would go beyond \$ 1,800 million.

Looking to the existing state of Thai economy, one can reasonably expect the deficit to increase in the next 4 - 5 years, but it will gradually taper off in the seventies. Large scale investments are planned in agriculture and mining to eventually increase exports. The establishment of import substitution industries is also expected to decelerate the import bill. By 1980 one can expect a balance between exports and imports, not before.

Balance of Payments

In spite of continuing large deficits on balance of trade, Thailand's balance of payments position is quite strong and over the years large foreign exchange has been accumulated. In fact the trade deficit has been more than met by transfers and capital movements both on private and government accounts (Table 13); so much so that the country has added every year to its international reserves which stood at \$ 201 million at the end of September, 1968.

The National Economic Development Board has projected the balance of payments till 1971 (Table 14).

It shows that despite projected large trade deficits, the country hopes to add to the reserves another \$ 246 million during 1967-71, mainly through capital inflows. The current economic health of the country certainly permits such optimistic estimate. Obviously, the course of the balance of payments depends on many complex national and international factors, which are hard to predict. But one can reasonably expect that Thailand will have no serious balance of payments problem till 1980. Even if capital inflows do not materialise on the scale expected, the economy will not suffer, so long as the reserve position is strong. Barring exceptionally adverse conditions, the present reserves would see the country through in the next decade, on the assumption that the rates of growth in imports and exports in the last decade continued.

Foreign Borrowings

The second plan envisages foreign borrowings to the extent of \$ 530 million, to be used mostly for financing transport and communications, power and irrigation projects. A credit of \$ 250 million has been taken as foreign grants. Chances of getting

foreign loans of the above order are not rated very high. World Bank and W.Germany, the major lenders in the past, cannot be expected to disburse this large amount which, incidentally, is equal to all past foreign borrowings combined. A part solution of the problem as now thought of is to invite internationally competitive bids for development projects and oblige the prospective tenderers to offer supplier credits under terms and conditions stipulated by the Government. (Recently a Japanese firm won the Bangkok telephone project with a loan of \$ 14.5 million from the Japanese Ex-Imp. Bank). This method would be increasingly resorted to especially in respect of tenders/projects exceeding half a million dollars.

Thailand has a high reputation as a 'perfect debtor'. It has never defaulted on its debt services. Government carefully watches all the foreign borrowings. The Foreign Debt Regulation of 1964 lays down the various steps before a foreign loan is certified and can be entered into. The Cabinet has laid down guidelines limiting the total debt service payments in any one year to 13 per cent of the Government revenue and 7 per cent of annual foreign exchange earnings.

The external debt of Thailand totalled \$ 293 million in June, 1968 - an increase of 130 per cent from 1961. However, it forms only a little less than one-third of its foreign reserves. It may, however, be noted that Thai monetary authorities realize the importance of a strong foreign exchange position in attracting loans, aid, trade, etc. and they would not do anything to impair the position. The 'dear' money policy followed consistently over the past few years has helped in pursuing this goal. Private traders and the Government authorities find it profitable to take loans and suppliers' credit even though the exchange reserves are ample.

It is in this context that the recent loans secured by the Industrial Finance Corporation of Thailand and guaranteed by the Government must be seen. In 1968, the Asian Development Bank gave a \$ 5 million loan for 15 years at 6.875 per cent interest rate. Early this year, West Germany granted a loan of DM 5 million for financing small and medium-sized enterprises. Repayment is to be spread over 20 years and the interest rate is 5.5

A preference to supplies from West Germany under this loan is specified.

On the same line, U.S. Exim. Bank has offered supplier's credits worth \$ 5 million to Bangkok Bank for the purchase of American machinery and equipment. The Ex-Imp. Bank will charge 6 per cent interest and $\frac{1}{2}$ per cent commitment fee on the unused balances. It is well-known in the Thai banking circles that these loans are offered with a view to keep a share of Thai market for the countries concerned which is increasingly being taken over by Japan. These examples highlight the importance of credit even for maintaining the existing share in the Thai import trade. The Thai Government as well as traders are aware that these loan arrangements are reflected in the higher prices of commodities offered. But as far as private trade is concerned, the normal market forces help to evaluate and minimise these concealed costs.

The suppliers' credit clause incorporated in the Government bids ensures that the Government gets the best of the bargain in the process. Nevertheless, these loans are expected to create an atmosphere of

receptivity for imports of the country concerned.

Thailand is not inclined to take loans from unconventional sources and would like to limit its borrowings to international agencies, U.S., Japan, West Germany and other developed countries (Table 15). Most of the foreign obligations are tied to specific projects. The major creditors are World Bank, U.S. and W. Germany.

During 1968, the following obligations were contracted:

<u>Lender</u>	<u>Amount</u>	<u>Purpose</u>	<u>Terms</u>
1. Japan	\$ 60 million (Yen 21.6 billion)	Improvement of railway and aviation facilities, navigation system.	Repayable in 15-20 years; rate of interest varying from 4.5% to 5.6%.
2. Asian Development Bank	\$ 5 million	Import of machinery and equipment	Four year credit time
3. West Germany	DM 5 million	Improvement of distribution system of Yanhee power project	

<u>Lender</u>	<u>Amount</u>	<u>Purpose</u>	<u>Terms</u>
4. West Germany	DM 9 Million	Diesel locomotives	Part financing of 30 diesel locomotives
5. World Bank	\$ 26 Million	Financing of Phasom Dam irrigation project.	

Thailand has also approached World Bank for a loan of \$ 17 million for financing the Thonburi-Pakthor highway and the Bank has already committed about \$ 89 million for highway development in Thailand.

A reference should also be made to the special yen credit that Thailand gets from Japan. 'Special Yen Credit' is an euphemistic name for war reparations that Japan has agreed to pay. In 1967, 1,000 million yen (about \$ 3 million) were paid. The amount due for further repayment totals 3,600 million yens (\$ 10 million), the last instalment being due in 1970.

Thailand gets aid both from foreign governments and international agencies, the foremost donor being U.S. Government. In 1968, the aid totalled B 1,335 million (\$ 66.8 million) classified as follows:

	<u>Baht million</u>
U.S.A.	1,000
U.N. Agencies	70
Colombo Plan	125
Other countries & foundations	140
	<u>1,335</u>

U.S. aid is mostly utilized for financing equipment and technical services needed for accelerated rural development programme in north and north-east regions (insurgency affected areas).

Private Foreign Investments

The Government's industrial policy is quite liberal. The whole industrial field is left to private enterprise, foreign as well as domestic. The BOI administers the Industrial Promotion Act which gives various concessions to new industries. The Act enjoins the BOI to stimulate industries beneficial to the national economy, especially those utilizing domestic raw materials and labour and joint ventures. It may be noted that there is no bar or restrictions on a 100 per cent foreign participation in any industrial venture. A list of industries eligible for promotional advantages is

prepared and published by the BOI from time to time.

Thailand is keen to attract as much foreign capital as possible and is taking all possible measures of incentives. But these efforts have had only a limited success. According to the BOI, foreign investments in the "promoted" industries during 1959 — 1968 totalled \$ 76 million out of which \$ 65 million were in joint ventures and the rest in 100 per cent foreign-owned companies. Japan with an investment of \$ 25.7 million tops the list. The other important investing countries are U.S.A. (\$ 16 million) and Taiwan (\$ 11 million). Indian investments total \$ 0.8 million. Industries so far started cover almost all consumer goods for which there is a good local demand. Examples are cotton spinning and weaving, rubber tyres, dry cell batteries, cables, automobile assembly, plastic goods, pharmaceutical products, sugar, glass, paper, plywood, agricultural implements, steel fabrication, etc. There are only five units where Indian interests are involved: weaving mill (100 per cent Indian investment), edible flour unit, aluminium products, steel fabrication and stone quarrying units.

Foreign investors have not shown any keen desire to enter the industrial field for the following reasons: (a) The local market is limited; (b) The liberal import policy does not hold any promise of large profits; and (c) In spite of the declared policy of the Government to give land and follow a liberal immigration policy, in respect of alien technicians, the intending investors do face a problem in all these. The initial expenses (mostly non-productive) are sometimes prohibitive. The Government policy is also to encourage only those industries which would be able to stand on their own feet after about 5 - 10 years. The threat of withdrawal of promotional advantages after a given period is always there.

Though this is the official policy, it is expected that in line with the trend in other developing countries, the Government would raise tariffs on specific commodities if imports pose a threat to domestic production. Already, the tariff rates on rubber tyres and iron and steel products have been raised. There is a complete ban on imports of ammonium sulphate, urea,

^{1/} In June, 1968, fertilizer imports were banned to protect the Chemical Fertilizer Co. of Thailand.

sugar, pepper, rice milling machine, etc., while imports of stationery paper, tyres, tea, etc., are controlled. The general impression is that though at present the economy is competitive and imports liberal, Government may not hesitate to impose restrictions for protecting specific industries.

The monetary and fiscal policy of Thailand in the future will decide the course of balance of payments. On present indications, the dear money policy will be continued. The primary aim of monetary policy has been and will be to stabilise the price level. So, there is less likelihood of imposing any restrictions on imports as the events in 1967 and 1968 have shown. The authorities may not hesitate to draw down on the reserves in their desire to maintain the price level. At the same time, they will pursue the policy of attracting foreign capital (and thus add to the reserves) through all available means. Taking into account the international climate for aid and investment, it can be predicted that Thailand may end up in 1980 with about half the foreign reserves it now has.

Imports

Imports have risen in a big way from B 8,537 million in 1957 to B 21,054 million in 1967 - a percentage increase of 160 ! However, commodity composition of imports has significantly changed reflecting the gradual structural changes in the Thai economy. Thus, the share of non-durable consumer goods is steadily declining. (Table 16). In absolute value terms, these imports have remained more or less stable around B 3,300 - 4,000 million between 1961 and 1967. The inelastic demand for these types of goods, the increase in domestic productive capacity and the current tariff policy will not allow any significant increase in the import of these items in the future.

Similar trends are noticeable in the import of durable consumer goods. In value terms these imports increased from B 731 million in 1961 to B 1,736 million in 1967. Domestic assembling of household electrical goods (TV sets, radios, electric fans, irons, etc.) has been started in recent years, mostly through foreign collaborations. In view of this development, it is unlikely that imports of this group will register any

sizable increase.

Past trends in the import of intermediate products, raw materials and capital goods fully reflect the developments that have taken place in the industrial and construction sectors. Imports of intermediate products and raw materials registered an increase of 150 per cent between 1961 and 1967. It is worth noting that the increase was more rapid after 1964, when the Government policy of encouraging private investments began to bear fruit.

Among the major import groups that registered large-scale increases are iron and steel manufactures, chemicals, electrical machinery, non-electrical machinery and vehicles and parts (Table 16). Changes in import composition noticeable since 1964 are likely to be sharper in the next 10 years. The Government policy is to encourage domestic production subject to the maintenance of reasonable prices. At this stage, therefore, an industrial development biased towards capital goods production is unlikely; what may happen is that industries, one or two stages removed from the final consumer, would be established, depending on the

size of demand. Thus capacity for the manufacture of round bars, tubes and pipes, angles, channels, etc., are being established, meaning that import demand for these items will go down. At the same time there will be increased demand for blooms, billets, skelp, etc., to sustain the domestic production. In fact, one can reasonably expect a further change within the imports of 'raw materials and intermediate products' in favour of materials further removed from the final goods.

Indigenous manufacture of capital goods - especially machinery (electrical and non-electrical), machine tools - is not a possibility in the next 10 years. The domestic market is quite limited. A further increase in imports of these goods can reasonably be expected. But assembly of many engineering products, such as diesel engines and tractors, cannot be ruled out.

Despite shifts in import composition, it is very likely that imports of consumer goods will continue to increase, though at a less rapid rate. Thailand follows a liberal import policy and hence anybody who can afford to stand price competition (Thai market is essentially a price market) will be able to sell. The above discussion

merely highlights the growing points in Thailand's imports in the coming years. Whether the present liberal import policy will be changed cannot be predicted. But it is almost certain that such changes will be very gradual. As indicated in the earlier chapter, tariffs might be increased, in case balance of payments showed signs of deterioration; imposition of quantitative restrictions may not be resorted to.

Direction of Import Trade

Leading trading partners of Thailand are Japan (36 per cent of Thai imports), U.S.A. (16.8 per cent), West Germany (8.6 per cent) and U.K. (7.4 per cent). Over the years, Japan has captured an increasing share of Thai imports at the expense of U.S. and western European countries. Japan has increased its share in almost all commodities, more specially in durable consumer goods, automobiles, trucks, railway material, telecommunication equipment, etc. Japan has made a steady use of the Government tendering system for increasing imports. At the same time, liberal credit policies, price competition and aggressive salesmanship have contributed to the expansion of Japanese imports on private trade account.

Imports from neighbouring countries have been very insignificant. This is to be expected as these countries also are primary producers and there is little to exchange. Thai imports in the past mostly consisted of manufactured goods of which the suppliers have traditionally been Japan and western countries. However, the last two years exhibit a gradual change which is likely to gain momentum in the coming years. Imports from Taiwan are gradually increasing - from \$ 9.3 million in 1961 to \$ 27.7 million in 1967. Indian imports have also gone up from \$ 7.7 million in 1961 to \$ 15.5 million in 1967. Even though a gradual trend towards increase in the imports from neighbouring countries is noticeable, the dominance of Japan is likely to continue at least in the next 5 - 10 years.

Exports

Thai exports consist mostly of primary products and fluctuations in production and in international prices affect exports. This has caused a lot of concern to the Government over years. Exports have increased in the First Plan period (1961-66) at an average annual rate of 7 per cent to \$ 685 million in 1967. (This

compared with a growth rate of 14 per cent in imports during the same period). The National Economic Development Board expects an average annual rate of growth of 8.1 per cent between 1967 and 1971. It is, however, doubtful whether this target can be achieved. The years 1967 and 1968 were drought years and rice exports were considerably affected. Exports in 1967 were only a shade higher than in the previous year (an increase of only 1.18 per cent). Though final figures for 1968 are not available, the quarterly data show that the figure is not likely to exceed \$ 650 million, compared to \$ 685 million in 1967.

Rice is the leading export item accounting for one-third of exports followed by tin, rubber and maize.

Commodity Composition of Thai Exports 1967

				(Percentage)
Rice	...	...	...	34.5
Tin metal	...	...	...	12.8
Rubber	...	...	...	11.0
Maize	...	...	...	10.7
Jute & kenaf	...	...	...	6.0
Tapioca products	...	...	...	5.0
Others	...	...	...	20.0
				100.0

The importance of the various export commodities has remained more or less the same, depending on fluctuations in internal production and international prices. At times, the price rise has compensated the decline in quantities exported. Examples are rice, rubber and tin.

Gradual change is noticeable in the character of a few export items. Instead of exporting raw materials, processed materials are increasingly sent. Thus, tin concentrates were exported in the past but since 1965, with the establishment of tin smelting facilities, metal is exported. Similarly, jute manufactures are increasingly exported rather than raw jute. Before 1960, there were marginal exports of raw jute and jute gunnies and other manufactures were imported. But now Thailand produces and processes all its internal requirements of jute items and exports raw jute as well as manufactured products.

Given the present economic policies no great change in the composition of exports may occur except in the way indicated in the above paragraph. In view of developments in rice production technology in the

rice-importing countries, a fear is sometimes expressed whether Thailand will be able to export 1.5 to 2 million tonnes or more every year in the near future. The Thai Government and traders take an optimistic outlook on two considerations. Thailand is in a position to produce rice at low cost.^{1/} The quality of Thai rice is highly valued in international markets. Secondly, its traditional rice buyers viz., Hong Kong and Singapore, would always remain importers. This optimism needs to be tempered with the fact that some of the traditional buyers such as Japan, Indonesia and Philippines, which imported over half a million tonnes a year during 1961-65, are well on the road to self-sufficiency.

In view of the intensified effort at improvement of irrigation, introduction of better seeds, etc., there is reason to believe that exports will rise in the future in spite of the sluggish tendency exhibited in recent **past**. It is, however, doubtful that as high a growth rate as 8 per cent per annum will be achieved by 1971.

^{1/} Studies made in the U.S. Operations Mission indicate that Thai cost of production is likely to be the lowest in the world in the near future.

Direction of Exports

Leading partners in the export trade are Japan (21.5 per cent), U.S.A. (14 per cent), Malaysia (8.5 per cent) and Hong Kong (7.7 per cent)^{1/}. Thailand has an adverse balance of trade with almost all its major trading partners, with only one exception viz. Hong Kong. Japan purchases rice, maize, rubber and tin. U.S. purchases consist of rubber, tin and tapioca products. Malaysia and Hong Kong import rice.

Thai development policy emphasizes agriculture and mining activities, for which export markets will have to be sought mostly in the developed countries or in countries which have to import agricultural products on geographical considerations. These are the countries with which Thailand has already established trading connections. Therefore, any drastic change in the composition and direction of Thai export trade is very unlikely in the near future.

^{1/} Relate to the year 1967. The ordering of the countries has remained the same in the previous years also.

Finally, a reference may be made to the terms of trade of the country. Though Thailand's exports consist mostly of primary products, the country has had favourable terms of trade throughout the past 10 years (Table 17). The unit value of imports has shown a downward trend, while that of exports has firmed up over the years. The overall favourable results in respect of terms of trade arise out of the compensatory movement in prices of the major export items. Though it is difficult to predict the future course of events, it is unlikely that the present happy state would continue for long.

Chapter 5

TRADE WITH INDIA

Though Thailand is among our close neighbours, trading relations between us have been at a low level in the past several years. Partly this is explained by the fact that both the countries were very much at a similar stage of development and there was not much that could be exchanged. Additionally, political relations were in an indifferent state for a long time. Indian imports never reached 2 per cent of Thai imports and hovered around one per cent between 1955 and 1967 (Table 18). Even though Thailand's imports significantly increased during the period, Indian share showed a steady decline - a trend which was reversed only in 1967.

In terms of value, Indian imports fluctuated between \$ 8.4 million and \$ 3 million, showing wide variations from year to year. Traditionally, Indian exports to Thailand consisted mostly of cotton and jute textile manufactures and a little of spices, fish products and other processed agricultural commodities. By the end of the 'fifties', India was pushed out of

cotton cloth market due to uncompetitive price and on establishment of indigenous cotton textile industry. Similarly, by mid-sixties, the market for jute manufactures was completely lost; this time mainly on account of the speedy development of jute manufacturing within Thailand. Thus our export of gunny bags which was \$ 5 million in 1960-61 and formed a little over 70 per cent of our exports to Thailand were completely wiped out in recent years. In fact, the deterioration in trade in the sixties can almost wholly be explained in terms of fall in the export of jute manufactures. There is absolutely no hope of capturing this market, as Thailand has not only become self-sufficient in this item but has now started competing with India in third countries. Besides, India itself imports raw jute from Thailand.

Indian imports from Thailand were also negligible. Raw hides and skins and raw jute were the important commodities. Value of Thai exports to India rarely exceeded \$ 2 million before 1964. The balance of trade was normally in favour of India. However, substantial imports of rice from 1965 onwards have

turned the balance against India since.

There was a welcome break in Thailand's imports from India in 1967. Not only did the imports rise from \$ 3 million in 1966 to \$ 16 million in 1967 but their composition changed in favour of non-traditional items specially iron and steel manufactures and petroleum products (Table 19). Even in respect of traditional items diversification of product lines was indicated. Import statistics for 1968 are not available, but the Indian data for the calendar year 1968 indicate a marginal decline in exports to Thailand. The trend in the change in commodity composition, however, continues (Table 20).

Imports from India of dried fish (especially sharks' fins), cashewnuts, etc., have increased and their share in the Thai imports has gone up. These are the lines where further increase can be expected in a growing market like Thailand.

Even though India has been pushed out of the jute gunny bag market, she has been able to penetrate the market for floor coverings made out of jute (linoleum and others).

Major gains were recorded in iron and steel and petroleum products in 1967. Indian exports of iron and steel products rose from \$ 1.7 million in 1966 to \$ 7.8 million in 1967 and accounted for 48 per cent of Thai imports from India. What is creditable is that India was able to capture 8.9 per cent of the Thai iron and steel imports. (Share in 1966 was only 2.35 per cent). Demand was mostly for concrete reinforcement rounds, followed by shapes, angles, sections, stranded wires and cables.

Thai import data for 1968 are not available. But Indian export statistics show a fall in exports of iron and steel manufactures from Rs. 37.5 million in 1967 to Rs. 24.4 million in 1968. The main reason for the fall, it appears, is the successful import substitution programme of Thailand. Further Thailand has also revised its tariff in favour of manufactured goods to protect the indigenous industry. The following table confirms the above conclusion.

1/

Iron and Steel Exports to Thailand

(Thousand rupees)

	<u>1967</u>	<u>1968</u>
Blooms, slabs, billets	-	1,291
Structurals	49	465
Pipes and tubes	180	55
Bars and Rods	37,317	22,632
Total:	<u>37,546</u>	<u>24,443</u>

Exports of manufactured items have gone down, while blooms and billets have increased. With increased emphasis on indigenous production, such a trend in product composition would continue in the future as well. Indian exporters must increasingly look for such changes in import composition and adjust their policies accordingly.

Imports of petroleum products from India totalled \$ 4.5 million in 1967; in 1966, they were \$ 28,000. Products traded in were diesel oil, diesel gas oil, benzene and fuel oil.

1/ Data presented in this table do not tally with the figures presented in Table 19, though there is not much change in the direction of magnitudes. The differences are due to different sources used variations in the c.i.f. and f.o.b. prices and differences in classification.

Unfortunately it appears that India has not been able to hold this market. Indian export statistics show a fall in the export of petroleum products to Thailand from Rs. 19.6 million in 1967 to Rs. 8.1 million in 1968. The decline is not to be attributed to any change in the Thai market. In fact, the market for petroleum products is booming. Current demand in Thailand is estimated at 100,000 barrels per day and it is growing at the rate of 7 - 8 per cent per annum. No doubt, the indigenous refining capacity is increasing but so also the demand.

The phenomenal increase registered in 1967 was due to the contract entered by Indian Oil Company with the Summit Industrial Corporation, a leading independent oil refining and distribution company in Thailand, for the supply of petrol and diesel oil. However, the Corporation was not satisfied with the quality of our diesel oil as it did not meet the specifications^{1/} laid down by the Thai Government. Meeting the exact specification was all the more necessary as the Summit Industrial Corporation is the

^{1/} The Indian exporter could not deliver diesel oil of 90% distillation range quality.

sole oil supplying agency to the Thai Government. It is generally known that Thai authorities are very scrupulous on quality. It is reported that the matter was brought to the notice of IOC, but it appears that with the existing production facilities at Cochin refinery, IOC can do very little to meet the specifications. Even now the Summit Industrial Corporation is willing to import petroleum products in excess of what they did in 1967 provided specifications are met.

The demand for fuel oil is also likely to increase in the near future. With the commissioning of the thermal plant based on fuel oil sometimes in March, 1969, about 10,000 tonnes (additional) of fuel oil per month might be needed. The Summit Corporation is already in the market for fuel oil. The Corporation has expressed a preference for 'independent' sources (and IOC is considered to be one such source), other things remaining the same.

Future Prospects

Thailand has a big open market; tariffs are relatively low, currency is stable, GNP is growing at 5 - 6 per cent per year and there is no reason to believe

that the growing trend would be arrested to an extent the Thai prosperity is connected with the U.S. military spendings. But it is also true that the Thai Government's sound monetary and fiscal policies have ensured a high rate of investment and consumer spending. Further, the possibility of U.S. expenditures going down abruptly, even if the Vietnam hostilities end, is rather remote. A dampening effect on the boom can certainly be expected, but it would not damage the economy in a significant way. If this assessment is valid, one can certainly expect imports to rise at 7 - 8 per cent in the next five years. Further, as India's share in Thai imports is only around 1.5 per cent, it should not be difficult to capture 4 - 5 per cent share in a growing market with adequate trade policies.

Our immediate competitors in the Thai market are Japan and Taiwan. Competition would differ from product to product. But India has an advantage in respect of iron and steel manufactures, bicycle parts, cables, diesel engines, etc. U.S. and the European countries also compete in diesel engines, machinery, dyestuffs, etc. In consumer goods, there is little scope in the immediate future unless our prices and

quality are competitive. This market segment is at present held by Japan, U.S. and the European countries.

Market Channels

A fairly detailed account of the existing marketing channels has been given in Chapter 2. The precondition for successful entry in the Thai market lies in the choice of right agents. Opening a branch office is one alternative. But Indian exporters would face difficulties in this as there are stringent immigration regulations and the initial costs too heavy. It would be better to penetrate the market through local agents and then think of a branch office on the basis of experience gathered. Possibilities of getting local Indians for agency purposes are not very bright. First, those established in business (mostly textiles) have no experience in handling non-traditional items. Second, it is doubtful whether they would shift to new lines, even if the business is promising. Of course, there are few Indian firms, doing good business in non-traditional items. But their number is limited.

It would therefore be advantageous to pick up agents from the Chinese and Thai communities who have a good knowledge of the existing market. Besides, their close relationships with Government officials might help in our competing in Government tendering. As it is, the Thai businessmen are on the look out for Indian parties of good standing to do business with. This is on account of two factors. Day by day Japanese and other goods are getting more expensive. Therefore, even in spite of their past bitter experience with the Indians, Thai businessmen would like to trade with Indians. Secondly, there is a mild under current of resentment at the increased Japanese domination in the market. No doubt, economics (viz., price factor, prompt delivery, credit facilities etc.) would always outweigh sentiment, but this fact needs to be borne in mind, for if India can make good on economic factors, more business can certainly be expected.

Government Tendering

About \$ 200 - \$ 300 million worth of tenders are issued annually on behalf of Governmental agencies and there is much scope for India to participate in it.

In the past, some of our exporters have lost excellent chances hire out of their ignorance of the Thai tendering practices and procedure.

On Government tendering, Indian exporters should constantly remember two major facts: one, the Governmental machinery is amenable to influence. Indian parties must be able to spend on entertainment and likewise expenses. The 'commissions' go up to 10 per cent or so depending on the size of tenders. As corruption is an accepted fact of life, the help of local agents comes in very handy and Indian parties will do well to bid through local agents.

Second, the Thai authorities are very particular about each and every condition laid down. It is generally presumed that once 'influence money' is passed, any breach in the conditions would be taken care of. This is NOT true in Thailand. Any slight deviation from the prescribed rules will result in disqualification of the bid irrespective of the merits of the case. If such deviations occur after the bid is awarded, severe penalties are prescribed. Requests for relaxation of rules, extension of closing dates and waiving of security conditions are not entertained.

Tenders are of two types: local and general.

Local tenders are issued in Thai language and can be submitted by local firms only. Foreigners can participate in local tenders but only through local agents. Bids sent directly to Government departments are summarily rejected. Of late, more and more local tenders are being issued although the equipment has to be obtained from abroad. Authorities prefer local tenders as they can exercise proper control over the deal. General tenders are issued in English and are open to all for direct participation.

Specifications: The authorities insist on offer of goods as specified in the tender and departures are not considered except where alternative bids are invited or where the specifications mentioned are only in general terms.

Security Bond: Security required is specified in each tender. It is invariably required to be in local currency. Therefore, a bank draft of equivalent amount in pounds or dollars is not accepted unless it is certified by a local registered bank. Further, a local bank will not certify such a draft unless special arrangements are agreed to for paying the bank the difference due to

fluctuation of exchange rates on the date the draft is cleared. Also, bank draft must bear an endorsement of being negotiable in Thailand.

When a bank guarantee is called for as an alternative to cash deposit towards security bond, it is required to be in Thai language on the prescribed bank guarantee form. A bank guarantee in English is not accepted. Hence it becomes necessary in case of local tenders that the agents obtain the bank guarantee in Thai language on the prescribed form in good time. It is understood that such guarantees are arranged by the local branch of the Indian Overseas Bank.

While submitting the tender, the security bond (bank draft, cheque, receipt of cash deposit or bank guarantee) must be presented separately and not enclosed with the tender documents. Tender documents are not to be dropped in a box or posted but are to be handed over to an official at the specified counter. Before accepting the tender documents the official examines the security bond. It is only after he is satisfied that the security offered is strictly according to rules that he receives the tender documents.

Any bid though competitive in price but not fulfilling the bid bond requirements, is liable to be rejected summarily. Bank guarantee submitted later than the time fixed for the opening of the tender is also not accepted. It would be a sheer waste of time, energy and expense to send quotations without arranging proper security bond. The Indian Embassy in Thailand is not in a position to persuade local authorities to accept tenders from Indian participants without security in the form required.

Prices: Prices for all local tenders should be quoted only in Baht. For general tenders the prices should as far as possible in U.S. dollars. Some of the Government Departments invite quotations in U.S. dollars, while others ask for in both U.S. dollars and sterling pounds. Quotations in rupees are not considered.

Usually prices called are c.i.f. or for delivery at a particular place. An f.o.b. quotation alone would straightaway disqualify a tender. Often with the c.i.f. price, local customs duty is also required to be provided for in the quotation. Normal import duty on Government consignments is 5 per cent but this varies with the

type of goods. For quotations in Baht, one per cent income tax, 2.2 per cent to 5.5 per cent sales tax, municipal tax and charges for clearance and handling at the port have to be added. Some of these again vary with the type of the goods. The final quotations should then be only by a local agent who has the knowledge of the local taxes and other charges.

Competitive prices, quality, etc., are important for winning the bids and it is not necessary that the bid should go to the lowest bidder. Consideration of other merits also comes in. It is, therefore, necessary that local agents should have sufficient margin to manoeuvre while submitting tenders.

Time and Manner of Submission of the Bids

Cable bids are not accepted. Cables cancelling submitted bids are, however, accepted if received prior to the bid closing date and time. Intimation by cable of despatch of the bid is not binding in anyway on the authorities if the bid is not received prior to the closing date and time.

Minimum 4 days and preferably one week should be given to the local agent to work and prepare the tender documents. All the necessary documents, etc., should be sent direct to the local agent instead of transmitting them through the Embassy. Since the airport is far off from the city (approximately 30 kilometres) it would perhaps be expedient to send the documents/offer by registered airmail to the agent instead of airfreighting the consignment.

Local tenders are generally accepted only on due date. Tenders received even a few seconds after the closing time are not accepted.

Delivery Period: The Thai authorities are particular about the strict adherence of the promised delivery offered in the tender. Requests for extensions on any ground, even on non-availability or delay in obtaining raw materials or components or on shipping difficulties, are seldom entertained. Even a force majeure clause is not happily accepted. Hence, it is essential that a realistic offer of delivery with some safety allowance is quoted in the tender.

Penalties: The Thai Government is strict about penalties for nonfulfilment of contracts including delayed delivery. Their tender conditions provide for confiscation of security deposit and heavy penalties besides disqualification for future participation.

Signing of the Contracts: The Government Departments insist on local agents signing contracts for the local tenders for the reasons that they can have full hold on them. Local agents feel very nervous and worried about the possibilities of being let down by their foreign participants. They, therefore, insist on adequate safeguards in the interest of their own business and local standing.

Tender Forms: There is no centralized agency for Government purchases. All Departments invite tenders separately. Information on important tenders, and, where possible, complimentary copies of tenders and specifications are sent sufficiently in advance to the concerned Indian Government agencies.

Tender documents have normally to be obtained on payment which varies from tender to tender depending on value of the documents and specifications of the

articles wanted. The cost of the tender documents has to be paid in local currency. Whenever the Embassy of India, Bangkok, is requested by Indian parties to purchase tender documents, the amount involved should be sent in advance. The Embassy has no funds to finance such purchases.

We have given above a description of the tendering procedure in detail as more and more Indian parties have shown interest in Government tenders. Further, numerous complaints are being heard in Bangkok against Indians which arise mostly due to the ignorance of procedural matters. A few instances are listed below:

Indian parties, more particularly public enterprises, request the Embassy to purchase the documents without arranging necessary foreign exchange with the Reserve Bank. Under the present regulations, the Embassy has no funds for entertaining such requests. It would be better for well established firms to get a block of foreign exchange sanctioned by the Reserve Bank for this purpose.

Indian parties sometimes send quotations in f.o.b. This results in immediate embarrassment to local

agents. Cases have been reported where the Indian parties when reminded of this, send freight rates, etc., by cable and request the Thai party to add these to the f.o.b. prices. Naturally, local agent cannot take such a responsibility.

It is always better to give a bank guarantee. In one case, it so happened that the draft sent by the Indian party had to be enhanced in amount as the local agent thought the higher bid price was likely to be accepted. However, such last minute changes cannot be made in the draft instrument. On the other hand, bank guarantee can easily be varied.

One Indian party lost the bid, even though its was the lowest, because the party sent the documents direct to the Government agency and not to the local agent. Of course, copies of the papers were sent, but this was of no avail.

One frequent complaint heard about Indian parties relates to the delay in sending the documents. Thus, if the time of acceptance is 10 a.m. on a Monday, the documents reach the agent on previous Friday evening leaving him no time to process the documents. Because

of such delay, the Anglo-Thai Corporation, an influential foreign trading firm, could not bid on behalf of an Indian party, even though the Indian bid was quite satisfactory in all other respects.

The real trouble experienced by the local agents comes after the award of the tender. Shipping delays, inadequate respect for specifications and non-payment/delays in payment of commissions have fouled India's trading. Indian exporters have also contested the terms and conditions after their return to India. This leads to long and frustrating correspondence. Thus, in one case, one condition of a tender was that the goods in question should be inspected at factory site by an official of the Thai Government agency concerned before shipment and that the expenses should be borne by the exporter. The Indian party tried to wriggle out of the contract on the plea that the Government of India has an export inspection agency which checks the quality and hence the Thai inspection was unnecessary. Such a plea is a breach of contract. It may be added that the Thai importer has no faith in the India Government's export agency. There are complaints of the quality of Indian

goods and nobody seriously believes that an Indian export inspection agency really exists.

Problems of Export Promotion

Recent performance of Indian exporters in the Thai market has been impressive. But it could have been better, were it not for the many deficiencies on the part of the Indian exporters. Some of the dealings have left a bad taste in the mouth of importers and have affected our future prospects. Some importers even expressed the fear that if the present trend continues, Indians shipments of some non-traditional items might be the first and the last.

Such pessimism may be exaggerated but the underlying factors should give concern to anyone interested in the Thai market. It is also true that the condemnation of Indian exporters is not universal. It is acknowledged that there are good and bad parties. But it is not possible for the Thai importer to check on an importer's antecedents. The Indian Embassy is not in a position to render adequate assistance in this

^{1/} regard. Being a sensitive market, information travels fast and any misdeed of an Indian exporter adversely affects Indian reputation. Even the Thai parties who had no complaint against their Indian counterparts suggested that it would be better to exercise an official check at the Indian end on the activities of exporters.

Quality: Importers complain about Indian products being sub-standard. It is reported that the quality of the samples supplied and that of the shipments vary. Further, Indian exporters are reluctant to adapt commodity styling to the demands of the importer. Thus, the regulators of ceiling fans of a specific design are preferred in the Thai

^{1/} It should be stated that this is not a criticism of the Embassy. Under the present conditions, the Commercial Section is not in a position to check on each and every exporter. It has to refer the matter back to Delhi. To the extent possible, the Commercial Section does give information. But it is necessary to prepare a list and circulate to the embassies. Further, the importers would come with complaints only after the deals have gone astray. In certain circumstances, even the reputed exporters have defaulted on the terms of sale. There is no machinery to look into these complaints. It is to be hoped that the recent decision of Ministry of Foreign Trade to establish a cell to look into all complaints relating to exports would eliminate this major source of irritation.

market, which our exporters are unable to supply. There is a good demand for racing cycles which again we could not supply. The general finish of Indian goods leaves much to be desired. Of course, some of our leading manufacturers are aware of these defects, but they plead their inability to help as new investment is necessary to meet the quality finish and specification requirements of the Thai importers. The present industrial policy of the Government of India makes it difficult to undertake such investments. It is suggested that a flexible policy should be adopted in processing such requests and due weightage be given to export possibilities of the products concerned. Improvements in casting facilities for electric motors, diesel engines etc. is a case in point. Indian electric motors are price-competitive in the Thai market. But in terms of finish and design, they are way below competitors' products.

Normally, Government tenders on electrical equipment are based on DIN specifications and those on railway equipment on Japanese standards. Complaints were heard about Indian exporters' inability to tender goods on DIN (German) or Japanese specifications. The

Indian Standards Institution (ISI) has the details of all the standards current in the world and are available to any manufacturer on request. Therefore, complaints in this regard, so far as they are valid, show that there is no adequate line of communication between the ISI and the prospective manufacturer-exporter. In any case, Thai agents are not in a position to furnish information on specifications beyond what their Government agency indicates in the tender notice. The prospective Indian exporter has to explore the matter further with the help of the ISI.

Unstable Supplies: Thai importers have formed an impression that India cannot be relied upon as a steady supplier. Thai manufacturers who want to import billets, blooms, skelp, etc., are not sure of the Indian export policy. India is prone to change its export policy depending on the state of the domestic market. Hence the bigger Thai manufacturers hesitate to break their relations with the present suppliers even though Indian exporters' offers are competitive. On the same count, local agents are

chary of tendering Indian goods on Government bids. Besides, there is also an impression that India wants to dump its products, when these are not absorbed in the domestic market.

Prices: It is reported that the prices quoted by some of our exporters are not firm even for a period of two months. A local agent who wants to bid for government tender wants price quotations to remain valid for at least three months. Other countries quote c.i.f. or c & f prices which remain valid for six months. An established importer reported that in his experience Indian prices have invariably gone up by about 10 per cent by the time the firm order is given.

Documentation: Generally, it is held that Indian documents are not in order. Further, delays occur in the receipt of documents causing inconvenience at the clearance stage. It was reported that in 30 out of 100 instances, documents reach the consignee after the ship has touched the Bangkok port. A few importers blamed the Indian banks for the delay. Importer's bank usually has correspondence facilities with some of the Indian banks. But if these banks do

not have a branch at the consignor's place, documents get tossed from place to place before they reach Bangkok. Clearly, Indian banks must devise ways to expedite the processing of shipping documents.

It is pointed out that, in a few cases, the markings on shipments did not tally with those on the documents. Proper care is not exercised in preparing documents for which the Indian exporter pays very heavily later. The furore caused over the iron and steel shipment last year is attributable to bad documentation. Trading practices in the Thai market are at times sharp. The importer would certainly haggle over the technical niceties, if meanwhile local prices have gone down, and exact penalties from the exporter. It is also pointed out that even though shipments covering one order are shipped in the same vessel, separate documentation is made for the different lots. This results in unnecessary paper work at the Customs.

Packing: Complaints are frequent about bad packing of Indian goods. Though it is conceded that India may not be as good as Japan, the packing material and the way of packing can certainly improve. Even in

respect of containers (for pharmaceutical products, etc), grooves are short and absorb moisture from outside. It is held that carelessness is widespread in manufacturing in India even though the base material is good.

Even when the quality of the product is good, the consumer is put off by the terrible printing of the labels. In Thailand, the accent is on presentation; goods should catch the eye of the user. It would be wrong for India to go by the yardstick of the domestic market which is essentially seller-dominated. As an instance, the labels on sewing needles and cotton thread can be cited. It is interesting to note that a British firm which markets the Indian items (produced by its subsidiaries in India) acknowledged their quality, but traced the consumer resistance to unattractive packing and labelling.

Credit Facilities: Credit is not much of a problem in Thailand. Thai traders neither insist on nor require credit from the Indian exporter on orders which they place. Complaints against Indian traders in this field relate to the repeated requests for extension of the letter of credit. Besides causing inconvenience to the

Thai party in the normal flow of trade, these requests add to the interest and other banking charges.

While credit per se is not an important factor in private commercial dealings, it does play an important role in Government tenders. As mentioned earlier, Government agencies insist on a credit clause if the value of tender exceeds \$ 0.5 million. Further, even in private dealings, credit is an instrument for promoting trade. Thus, Japan has captured a large share in the import trade in the past 6 - 7 years through credit offers. The conclusion is that when the importers are satisfied with price and quality, ready money would be offered. But in the line of products where Indians want to push their manufactures, credit will have to be given.

Shipping and Delivery: Though Maersk Lines operate regularly between Calcutta and Bangkok, there are complaints about shipping and delivery delays. Bombay and other ports are not linked up well with the Bangkok port.

There are regular shipping services between Europe and Thailand which touch Bombay, but they do not have adequate space between Bombay and Bangkok. At present there is no cargo, either, export or import, to have regular sailings between Bombay and Bangkok.

Even though the sailing time between Indian ports and Bangkok is less than three weeks, the actual sailing time exceeds six weeks because of logistics. Thus ships with loads destined to Bangkok first call on Singapore then on Djakarta, back to Singapore, and finally to Bangkok. This takes about six weeks compared to four weeks' sailing time from Europe to Bangkok straight.

The inadequacy of shipping results in the extension of delivery period to three to four months. It is reported that the delivery period of Japanese exports is as low as one month from the date of signing the order.

As stated above, there are regular monthly sailings between Calcutta and Bangkok organised by five conference members. The Far Eastern Shipping Company

a Russian Line, also operates in the area, but it is outside the rate agreement. However, it is reported that even ships on regular lines are irregular. They would not call at Bangkok, if there is no sufficient inducement. Cases have occurred, though rare, when Indian cargo destined to Bangkok was offloaded at Hong Kong and transhipped later to Bangkok. Transshipment at Singapore is quite common but increases the cost.

The freight rates between Calcutta and Bangkok are quite high. Thus though the nautical distance between Calcutta and Bangkok is 2,475 miles compared to 2,800 - 3,000 miles between Bangkok and Japanese ports, the freight rate for iron and steel products is about 120 shillings per long ton on berth terms which compares with 60 shillings on the Japan-Thailand run.

A leading shipping agent in Thailand expressed surprise at our rice imports being carried by non-Indian flags. It was also pointed out that the Indian shipping company regularly sailing between the west coast of India and the west coast of U.S. could call at Bangkok.

There is a good traffic between Thailand and the U.S. west coast, a share of which can be picked up by the Indian company with profit. It is understood that negotiations are going on the proposal. If this materialises, Bombay could be linked to Bangkok on a regular basis.

Thai shipping interests are not keen to enter on this route. Thai merchant shipping fleet consists of only 9 ships which run on Bangkok-Japan route.

Commissions: Inordinate delay in the payments of commissions is a frequently heard complaint against India and need not be laboured upon. Thai agents now insist on a clause in the contract that the commissions would be paid within six months and see that the contract is countersigned by the commercial attache. What is galling to Thai importers is that commitments accepted by Indian parties in writing are not honoured for a long time; the period exceeds even one to two years.

In conclusion, reference should be made to sharp practices resorted to by some Indian exporters. Thus, it was reported that the representative of a firm manufacturing welding electrodes appointed two sole agents

which later led to an unnecessary bickering. Instances are also quoted where Indian exporters have shown a tendency to bypass the sole agent when convenient. Very little can be done to remedy these abuses on an official level; exporters should realise that in the long run, their own business interests suffer.

The various factors that stand in the way of export promotion effort are discussed above. It is beyond the effort of **Governmental** agencies to remedy all of them. Actions in certain areas must be initiated by exporters themselves. These relate to accurate documentation, furnishing of c.i.f. prices valid for 2 - 4 months, maintenance of quality of shipment to that of the sample, expeditious payment of commissions, adoption of honest trade practice, etc. In areas such as shipping, no immediate relief is possible, except in way of better organisation and coordination of the existing shipping facilities.

In certain other areas, **Governmental** action is indicated. Even here a close cooperation with the Indian exporters would be valuable. In many respects, **Government's** role would be permissive and the real action

will have to be taken by the exporters. The following suggestions deserve careful consideration in this connection.

1. On an appraisal of the Thai market, it appears that India would be able to capture an increasing share through Government tenders. Though the commercial section of the Indian Embassy regularly transmits information, difficulties are faced in getting the tender forms which are generally priced. Indian manufacturers must have sufficient foreign exchange funds to buy the forms or alternately they must arrange the purchase through local dealers. Reserve Bank of India should allot foreign exchange for this purpose on a block basis to avoid any delays.

2. Budget papers give details of the programmes planned for the year. These papers need to be analysed with a view to get an idea about the areas wherein tenders are likely to be floated. Thus, the budget spells out areawise details of irrigation programme, the extent of Government subsidies and grants for the purchase of pumpsets, diesel engines, electric motors, etc. It also gives indications about the highway programme, increase in educational facilities, expansion

of telecommunication system, railway development, power programmes, etc. planned during the year. A study of this document either in the office of the Commercial Attache or that of the State Trading Corporation would provide hints on what types of products are likely to be tendered for.

3. Thai imports, both on private and Government account, are mostly handled by commission agents. Hence, the best way to promote trade is to get good agents for Indian parties. It is reported that prospective Indian exporters do not spend enough time in Bangkok in search of agents. They do not have enough foreign exchange for entertainment of the prospective agents. It is also said that Indian representatives do not bring samples, carry only old catalogues and further expect the embassy staff to get people visit them in their hotel rooms. These complaints were specifically voiced against the representatives of the public sector undertakings. The style of our doing business needs to be changed. In any case, for a thorough study of a specific segment of the market, a week's stay in Bangkok must be allowed.

The prospects of getting local Indians as agents are not very bright. As stated earlier, they are engaged mostly in textile trade. Their experience in dealing in other items is limited. Yet it is also a fact that they have a better grasp and understanding of the Thai market. They would certainly be helpful in identifying the prospective clients. There are also a limited number of Indian firms actively promoting Indian non-traditional goods, such as iron and steel manufactures, diesel engines, etc. These firms are willing to help Indian parties in whatever way they can.

Though immediately local Indians are not in a position to promote Indian non-traditional goods, they should be willing to engage, in the business over the years, if the venture has a promise. They would need adequate technical support from the manufacturing firms. There are cases where Indian employees and/or associates of Thai businessmen have helped to get orders for Indian firms. The drive to arrange for local agents must be two pronged: assistance from the Indian community should be solicited and also attempts be made to get influential Thai agents.

A related aspect of this problem is the arrangement of reverse visits of agents and technicians (especially those working the the Electricity Authorities and Royal State Railways) to India. Such visits do help in expanding trade. If the high level technical staff connected with Government tendering visit our factories and have a look at our products, chances of getting Government tenders would certainly improve.

Indian delegations representing specific industries do visit Thailand from time to time. But it is reported that their social and business contacts are arranged almost wholly with the local Indians who have no experience in handling specific items. The Embassy staff should see that the delegates meet Thai businessmen operating in the concerned product lines.

4. Exhibitions and demonstration of the actual working of the Indian products is one way to increase the trade. India did participate in the National Exhibition held in December, 1968. But the manner and the actual conduct of the exhibition arrangements have evoked strong criticism. First, the decision to participate in the exhibition was taken at a late stage.

Goods were not properly arranged. Quality of the exhibited goods left much to be desired. The general impression is that the participation has not been much of a help.

Indian Embassy was earlier maintaining a permanent show room where Indian goods were exhibited. This show room has now been taken over by the State Trading Corporation. The show room exhibits bicycle parts and goods manufactured in the small industries sector. It would be useful to exhibit products of some of our public sector undertakings such as surgical instruments, transformer models, cables, etc. Leading private industrialists should also be invited to exhibit their products. The efforts of the local office of STC should not be limited only to its own transactions. It should also help the other Indian exporters in exhibiting their goods and arranging contacts for them.

Demonstration of actual working of Indian products has far more effect on the user than the distribution of literature. In this respect, a suggestion made by the Secretary-General of National Economic Development Board of Thailand, needs to be pursued. He indicated

that the Government would embark on a large scale irrigation programme for which Asian Development Bank and World Bank would be approached for financial assistance. It is proposed to form groups of farmers for irrigating blocks of cultivable area through pumping underground water. The scheme envisages increasing use of diesel engines and electric motors as prime movers. If Indian exporters are willing to demonstrate the quality of their diesel engines, motors, etc., by installing them at strategic locations, Thai Government would be willing to extend all the facilities. The nearby farmers, if impressed by the working, would certainly go in for substantial orders.

In order to promote raw materials and capital goods (such as industrial chemicals, billets, skelp, machine tools, etc.), the manufacturing firms need to be contacted. Board of Investment maintains an up-to-date list of promoted units. Besides information on the new applications sanctioned, raw material requirements, the prospective developments

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in the industrial field, is regularly published in 'Investor', a monthly magazine sponsored by the BOI. The Ministry of Foreign Trade and the Export Promotion Councils should scan the journal with a view to spot the export possibilities. Being a competitive market, Thai manufacturers would not be averse to shop in India even though the collaborations are entered into third countries.

There are good possibilities of entering into long-term contracts with Thai manufacturers for meeting their raw material requirements. At present, they are hesitant to enter into such commitments because of uncertainty of our export policy. It is suggested that our manufacturers should be encouraged to involve in such tie-ups, with a clear understanding that such commitments would be honoured by the Indian Government irrespective of its internal needs.

This point needs emphasis because in the future Thailand is likely to import more of primary iron and steel products than the finished ones. The trend has

already set in, as is seen from our increased exports of billets in 1968. India will have to export iron and steel in billet/bloom form, if the Thai market is to be held. Any blanket ban on exports of billets would adversely affect the exports and so also the image of our country.

PART THREE

TRADE PROSPECTS FOR INDIA

Chapter 6

EXPORT PROSPECTS OF INDIVIDUAL COMMODITIES

The important export items are iron and steel products from the 'common list' (which accounted for over 48 per cent of total exports in 1967) and petroleum products from the flexible list (which accounted for about 27.7 per cent of the total exports in the same year) (Table 21). These two items together made up over 75 per cent of exports from India in 1967. Among the rest, mention may be made of textiles, rubber tyres and tubes, diesel engines, electrical machinery, apparatus and appliances and machine tools. Tea and jute goods are the least important items at present. The selected items from common and flexible lists taken together account for over 85 per cent of exports from India.

To assess the relative strength of India and its competitors, countrywise data of import into Thailand for the selected commodities are given in the accompanying tables. An idea about the competitiveness of Indian exports can be had from their c.i.f. prices. There is

a resistance from the importers to furnish price data relating to competitors. This information, whenever it could be collected during the field survey, has been reported here. C.I.F. prices quoted pertain to third and fourth weeks of January 1969, during which period ^{1/} field investigations were made.

Tea: Thailand imports tea worth about 28 - 30 million baht per annum in the proportion of 2 : 1 tea dust/tea leaves. Imports of tea are increasing only marginally since 1965. Year-wise total imports and import from India are given below:

		(Million Baht)
	Total Imports	Imports from India
1965	29.31	0.19
1966	30.96	0.09
1967	32.07	0.04
1968 (Jan.-April)	9.9	0.01

^{1/} Details about general import control policy and tariff rates on each item are given in appendices V and VI. List of selected importers - (productwise) is given in appendix IV.

While total imports are increasing, imports from India have shown a declining trend. Information for the full year of 1968 are not available. But Indian trade data show that exports from India to Thailand have increased from Rs.13,800 on 1967 to Rs.18,100 in 1968.

Home Production and Demand: The quality of locally produced tea is much inferior to the imported. Home production is estimated around eight hundred to one thousand tonnes per annum. In order to encourage home tea production, Thai Government has imposed control on tea import. For every ton of imported tea, the importer must purchase 300 kgs. of local tea from the Public Warehousing Corporation.

The country's annual demand for tea is estimated at about 26 - 27 thousand tonnes.

Problems of Tea Export from India: India faces severe competition in the Thai market from nearby countries like Indonesia, Taiwan and Malaysia. Country-wise imports of tea are given in table 22.

While in the case of tea dust Indonesia is the largest supplier accounting for over 80 per cent of total

imports, in tea leaves Taiwan's share is about 80 - 85 per cent. Both these sources are competitive in price and quality. C.I.F. value of tea dust from Indonesia is about 13 - 14 baht per kg. ^{1/} which is said to be about 50 per cent cheaper than Indian tea. C.I.F. price of tea leaves from Taiwan is 20 - 22 baht per kg. as against 30 baht per kg. from India.

Retail price of Indian tea is about 28 - 30 baht per packet of 450 gms. (65 bahts per kg.), while the local brands at 20 - 22 bahts per kg.

Another factor accounting for large imports from Indonesia and Taiwan is the fact that tea is imported in bulk in 20 kg. packets and then mixed with local low quality tea. New mixtures of different brands are made locally by the importers. Such brands have become popular among the Chinese and the Thai population.

India exports branded tea in cartons, in small packets of 450 gms. C.I.F. price of India Brooke-Bond

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C.I.F. prices given here are as of the last two weeks of January 1969 - the time of the field survey.

tea is 13 - 14 baht per 450 gms. packet with 5 per cent discount. But retail price of the same packet is almost double for two reasons. First, there is a 65 per cent ad valorem duty or 11 baht per kg. specific duty whichever is higher. This raises the price to about 22 - 23 baht. Second, the Thai Government has made it compulsory for all importers of tea to purchase a fixed quantity of ~~Thai~~ tea, which is of relatively low quality. Thai tea is sold by importers at a price lower than purchase price and loss incurred in such a transaction is made good by selling imported tea at a high price.

~~Indian~~ tea is mainly consumed by the Indian community. It is reported that many Indian get their tea from India through their friends and relatives visiting Thailand and also through their children studying in India and going back to Thailand during vacation. The quantity of tea imported in this manner is substantial.

Quality-wise, Indian tea is reported to be inferior to Ceylonese tea, particularly in preservation. It generally takes about 6 - 7 months from the time the tea leaves the tea estate to the time it is finally consumed in Thailand. By that time the flavour of Indian

tea is diminished. It is reported that Ceylonese tea does not lose the flavour. The preference for Ceylon tea, even though it costs 6 - 7 baht more per packet of 450 gms. may be thus explained.

Export Prospects: Thailand will be importing tea in sizeable quantities even in future. Only after 8 - 10 years may one expect substantial improvement in the quality of local tea. Therefore, India has good scope for increasing its export to Thailand. The following suggestions are offered for the consideration of prospective tea exporters:

(a) Tea should be exported in bulk, say in packets of 20 kgs., to facilitate its mixing with the local variety.

(b) Though a few Indian brands are exported, Brooke Bond has been the market leader among Indian teas. No concerted drive has been made by other companies; it appears no attention has been given to Thai market by them. Contacts with major import houses are likely to yield good results.

(c) Manufacturers and exporters should look into the quality aspect of flavour preservation of Indian tea.

SPICES

Thailand is neither a big nor a growing market for spices. Items like pepper (black and white), chilly, coriander seeds, garlic, tamarind, turmeric, etc., are produced within the country. There is an exportable surplus of pepper, chillies and tamarind. Thailand is a competitor to India in third countries for these commodities.

Import of spices in the last few years has been steady at about 5 million baht. Following are the important varieties of spices imported into Thailand:

<u>Items</u>	<u>Approximate Percentage Share in the total spices imports</u>
Cloves	15-20
Seeds of anise	10-12
Coriander	10-12
Cumin seeds	11-12
Cinnamon	10-13
Nutmeg	9-10
Fennel	6-7

Of these, cumin seeds, fennel, seeds of anise, cloves and nutmeg are imported from India (Table 23). While the total imports into the country have been steady over the past 3-4 years, imports of specific products show slightly different trend. Imports of cloves has

slightly declined since 1965, but that of cumin seeds, cinnamon, nutmeg has gone up. Import of ginger, garlic, chilly, pepper, etc., is negligible.

Major Suppliers: Indonesia is the largest supplier of nutmeg, cinnamon and cloves (Table 24). Quality of Indonesian products is reported to be quite good. Indian did effect shipments of these items, but price-wise Indonesian product is said to be cheaper by 5-10 per cent. Japan and Singapore are the other competitors.

India enjoys near monopoly in fennel seeds due to competitiveness in price and good quality. Iran has entered the market in a big way since 1967 in respect of cumin seeds.

C.I.F. prices from different countries are as follows:

<u>Cumin seed</u>	<u>C.I.F. price U.S.\$ per tonne</u>
India	1,000
Singapore	1,100
Iran	1,100 - 1,200

Almonds were imported mainly from India until 3/4 years earlier. But now U.S.A. and Australia are the major suppliers.

At present, edible turmeric is imported. But local production of turmeric has picked up. This is used mainly for colouring purposes; earlier even this variety was imported from India.

Import Problems: Bad packing and absence of standard weights of containers' bags, etc., are the impediments in the promotion of trade. It is said that Iran exports spices in standard bags of 50-55 kgs. Pakistan has also adopted this practice. But the Indian products are exported in bags of different sizes. Uniformity of weight of contents in bags helps importers in verification of weights at customs and in the wholesale trade.

Packing in the case of India is reported to be poor, since importers often get their goods in damaged condition and they suffer losses due to leakage.

Imports from Hong Kong and Singapore are often made by under-invoicing to reduce the burden of custom duty. Thus, wholesale prices of spices from India are higher than those from Singapore and Hong Kong. It is even mentioned that import of spices originating from India but re-exported by Singapore exporters works out cheaper.

Lack of shipping facilities is a hindrance in increasing exports. Spices are imported into Thailand mainly from Bombay port. Since there is only one direct sailing from Bombay to Bangkok once in 1 - 1½ months, and that too uncertain, very often goods are transhipped at Singapore. Transshipment involves risk of damage, leakage, etc.

Imports from India are handled by one or two local Indian agents. They import directly from India. But quite a few Chinese importers import Indian spices through Singapore. It appears that Indian exporters have not established any contact with the Chinese importers.

Export Prospects: No substantial increase in Thai import of spices is anticipated. But the present level of imports would be maintained. To maintain its present position as an important exporter in the Thai market and to increase the share further, India should improve packing; adopt uniform weights for containers, bags, etc. and develop trade contacts with the Chinese and Thai import houses.

TEXTILES

Textiles (including jute) account for 8 per cent of the total imports of the country. In the recent past,

imports are increasing at 5 - 6 per cent per annum. Year-wise imports of textiles since 1965 and imports from India are given below:

		(Million Bhat)
	<u>Total Imports into Thailand</u>	<u>Imports from India</u>
1965	1,634.83	12.37
1966	1,726.11	7.51
1967	1,873.98	7.23
1968 (Jan.-April)	174.89	2.53

While total Thai import of textiles is on the increase, import from India has declined.

The main reason for the decline is the reduction of import of woven fabrics of jute and new gunny bags. In 1965 these two items accounted for 7 million out of 12.4 million baht of exports from India. In 1967 India exported only 1.3 million Bhat of woven jute fabrics. Exports of gunny bags have stopped since 1966.

Other items of textiles exported from India are floor coverings, cotton blankets, towels, cotton yarn and thread, tulle, braids, cotton wool, etc.. (Table 25).

Export Problems: The twin problems facing Indian exports of textiles to Thailand are (a) growing home production (there are 400 textile factories in Thailand) and (b) intense competition from Japan, USSR, Pakistan, Taiwan, Hong Kong, U.K., West Germany, etc. In important items like cotton and synthetic fabrics, it is reported that price-wise and quality-wise India is uncompetitive. Hence some Indian import houses in Bangkok specialising in textiles have reported that they have stopped importing from India 4-5 years back. A few importers have stopped importing from India on the ground of delivery of inferior goods compared to samples and non-settlement of claims.

Import duty ranges from 20 per cent on yarn to 40 - 60 per cent on blankets, floor coverings, etc.

Export Prospects: India has good prospects of exporting cotton yarn, sewing thread, cotton blankets, floor coverings and mosquito nets. Prospects for cotton and synthetic fabrics are dim. Imports of textiles into Thailand, other than jute items, will increase as home production will not be able to meet the domestic demand. Unless India is able to offer competitive prices, not much headway can be expected

future. Crucial factors in increasing exports of blankets, floor coverings, etc., are publicity and advertisement and in the case of thread, a better packing. Good agents need also to be secured.

BICYCLES AND BICYCLE PARTS

By value the total imports of these items in 1967 were only 0.5 per cent of the total imports. Thailand imports more bicycle parts than bicycles (Table 26). Bicycle assembling is done in a large number of small workshops, using imported parts. In 1968 licence had been given to the Thai Bicycle Company Limited with a bicycle assembling capacity of 20,000 units per annum.

Since 1965 India has stepped up its exports of bicycles and bicycle parts which have increased India's share in total imports of Thailand. From 0.7 per cent in 1965, India's share in total imports rose to 2 per cent in 1967 and about 3 per cent in the first four months of 1968.

India exports essentially bicycle parts (Table 27). U.K. and Japan are the main suppliers of bicycles and Japan and Taiwan of bicycle parts. West Germany, Italy and Poland are the other competitors.

India is a competitive source of supply in Thailand market. C.I.F. prices of Indian products such as saddles, axles, free-wheel and handlebar are 15-40 per cent lower than Japanese prices; Taiwan is cheaper.

Export Problems: A major problems facing Indian export of bicycle parts is the finish and packing. Though the quality of the Indian product is as good as Japan's, there is much to be desired about the final finish of axles, free-wheel and other parts. Packing of small parts is so unattractive and poor that boxes containing them are either torn or severely damaged leaving a poor impression of the Indian product in the mind of final consumer.

It is reported that much time is taken in settling claims. The branch of State Trading Corporation of India has been instrumental in promoting Indian exports of bicycles and parts. However, it was felt that India's export performance could have been better with greater cooperation among Indian exporters.

Export Prospects: Imports of bicycle parts will continue to grow in the future. Import substitution of simple parts like rims, mudguards would, no doubt, affect these imports;

but other parts will continue to be imported. Hence India has good prospects of exporting bicycle parts. Crucial factors promoting future exports of India are:

- a) improvement in the finish of goods and in packing
- b) delivery in time and to specifications
- c) speedy settlement of claims.

IRON AND STEEL

Thailand imports a large quantity of iron and steel items. Between 1965 and 1967 there was a phenomenal increase in imports from 300,000 tonnes to 500,000 tonnes. In terms of value imports shot up from 777 million to 1,244 million baht.

The following items among iron and steel products are important in the Thailand market (Table 28).

	<u>Percentage share in the import of iron and steel.</u>
Sheets and plates of iron or steel, hot rolled, cold rolled, uncoated.	40-45
Concrete reinforcement round including tube rounds, and squares iron or steel.	25-30

Percentage share in
the imports of iron
and steel

Joists, girders, bars rods of
iron or steel, hot rolled forged,
extruded, cold formed or cold
finished including precision
made.

8-15

Shapes of iron or steel not
rolled, forged, extruded, cold
formed or cold finished.

5-6

Angles and sections, hot rolled
or cold formed

3-4

India's exports to Thailand have increased substantially in the last few years. Between 1965 and 1967 Indian exports increased over $3\frac{1}{2}$ times, from Baht 43 million in 1965 to Baht 154 million in 1967. In 1966 exports were lower than in the previous year partly due to uncompetitiveness in price and partly due to confusion caused by the devaluation of Indian rupee.

Indian exports consist mainly of concrete reinforcement rounds and squares. In 1967 they accounted for over 80 per cent of India's exports. However, items such as shapes, joists, girders, bars and rods, angles and sections are also gaining importance.

In 1968 India's performance has been good particularly in respect of bars and rods of alloy steel, though they are not a major item of import into Thailand. By far the best of India's exports in 1968 was of blooms, billets; 75 per cent of Thai imports of this item were met by India. India entered the primary steel market of Thailand only in 1968. Exports of iron and steel products from India in 1967 and 1968 are given below for comparison.

	Value (Rs. Thousand)	
	<u>1967</u>	<u>1968</u>
a) Blooms, billets and slabs.	-	1,291
b) Structural	49	465
c) Pipes and tubes	180	55
d) Bars and rods	37,317	22,632
	<u>37,546</u>	<u>24,443</u>

There is an overall decline in India's exports in 1968 due to the serious fall in the export of bars and rods; these are being produced within the country in large quantities.

Home Production: Iron and steel industry in Thailand is in an embryonic stage, production processes being confined to re-rolling of billets, blooms or slabs and steel

fabrication. The Siam Iron and Steel Company Limited has set up a blast furnace and an open hearth furnace producing 3,000 tonnes of steel per month. There are about 12 re-rolling mills with an estimated capacity of 75,000 tonnes per annum. Two more pig iron producing units may come into existence in collaboration with U.K. and Japanese firms. Besides these, a few re-rolling mills will be established in the near future. One of them will be in collaboration with India.

Categories of steel produced at present are steel bars, concrete reinforcement rounds, angles, shapes sections and pipes. Volume of production of each of these categories in Thailand is not known. Overall production of all the categories of steel could be about 40-45 thousand tonnes as against 500,000 tonnes of import in 1967, i.e., hardly 10 per cent of total annual requirement of the country.

Major suppliers: By far the largest supplier of steel in Thai market is Japan (Table 29 to 31) accounting for about 40 per cent of the Thai import. Taiwan and Hong Kong are the other important suppliers particularly in those items which India exports.

Relative share of competing countries in Thai market is determined largely by three factors: price, delivery and availability.

India appears to be competitive now in primary steel items like blooms and billets. In larger sizes of mild steel bars, wire rods, angles, etc., India has been quite competitive.

C.I.F. prices of certain categories of steel from different countries is given below:

<u>C.I.F. Bangkok \$ per tonne</u>				
	<u>India</u>	<u>Japan</u>	<u>Taiwan</u>	<u>Hongkong</u>
1. Mild steel round bars	84	84-85	-	84-85
2. Wire rods	84	-	82-84	85
3. Structural				
(a) Angles	91	89	90-91	-
(b) Beams and channels	92-92/50	90	-	92

While the difference between the different countries in the c.i.f. price is not much, there are seasonal variations. Japan, for instance, brings down the price particularly during "king months" when business is good.

(In Thailand November to February are King months).

Business is dull during rainy season - May to September. Prices are manoeuvred by Japanese exporters, particularly against India on the basis of floor price fixed by the Government of India. For instance, the Government of India fixed the floor price for Thailand (to be effective from 14.12.1968) on bars, rounds squares, angles joists, channels, etc. Shortly afterwards, it is reported that Japan reduced its price by, \$ 1-2 per tonne thus reducing the possibility of large scale flow of orders to India.

Problems of Export: India is fairly competitive in price (and this has helped India to increase its exports to Thailand). Exports of steel could have been even larger but for certain problems.

Delivery Period: While in the case of Japan, maximum delivery period is about a month and in the case of Hong Kong and Taiwan it is even less, delivery period of Indian products is not only longer (one and half to two months) but uncertain. In quite a few cases, importers were complaining that delivery period exceeded even 6-8 months. Such long delivery period involves extension of letters of credit, undue correspondence and changes in price

competitiveness. It is due to this uncertainty that importers in Bangkok are discouraged to place orders with Indian exporters. But when Japanese, Taiwanese and Hong Kong exporters are overbooked or do not produce the item, Indian exporters are approached.

Freight disadvantage: India has freight disadvantage not only in relation to nearby countries like Hong Kong and Taiwan but in respect of Japan also. Cross freight rates for structurals from India and competing countries are given below:

	Freight per tonne <u>₹</u>
India	11-12
Japan	7-8
Taiwan	8
Hong Kong	8

It is reported that Japanese exporters get assistance from the governmental agencies due to which freight is less. Taiwan has a central steel exporting organisation which help to transport goods through chartered ships, reducing freight considerably.

Payment of Commission: In the matter of payment of claims and commissions, some importers report

considerable delay. It is said that the Japanese and British pay the commission regularly every quarter. East European countries pay it for every shipment. In the case of India, there is no fixed period. Indian exporters seem to plead their inability to pay commission quickly because of the time involved in getting Reserve Bank permission for releasing foreign exchange. Since Indian imports into Thailand are handled by commission agents delay in the payment of commission and the correspondence that has to be entered into, act against India.

Other Problems: Indian exporters, it is pointed out, do not take interest in small orders. For instance an order for rails (25 kg. per metre) was declined because quantity ordered was only 500-600 tonnes. This particular order was against a tender of a private organisation. If Indian quality and competitiveness is established, larger orders can be expected. It is, therefore, necessary, at least in the initial stages, to accept small orders. This would involve minor changes in the rolling programmes of steel mills.

India is not competitive in smaller sizes of shapes and structurals because Indian manufacturers follow

the European system in fixing prices for size extras whereas Japan, Taiwan and Hong Kong have a different system. Hence the price range for the different sizes is less in the case of Japan and Taiwan than of India.

Export Prospects: India has good prospects of exporting iron and steel items to Thailand. Judging from the rate of growth of the economy, demand for steel in Thailand by 1973-74 could be about 0.75 million tonnes as against half a million tonnes at present.^{1/} Expansion of capacity in the existing units and setting up of new capacities could mean production of about 350 to 400 thousand tonnes by 1973-74. Hence about 300-400 thousand tonnes of finished steel will have to be imported into the country. In addition to that, about 300 thousand tonnes of primary steel will have to be imported for rolling into finished steel. Hence the share of billets, blooms and slabs would increase substantially in the total imports of steel in the country.

^{1/}Board of Investment Thailand has estimated the consumption of steel at 650,000 tonnes by 1975.

Since the expansion of import will be in the direction of primary steel (wherein India is competitive), Indian exporters should aim at increasing the share in Thai market. Import of angles, bars, rounds, structurals might decline and so India should concentrate also upon plates and sheets for which demand would increase.

Crucial factors in increasing exports from India are:

- (a) strict adherence to agreed delivery period
- (b) reduction of price range for size range
- (c) entering into long-term contract with Thai steel re-rolling mills for supply of billets and blooms
- (d) formation of a central steel exporting organisation.

MACHINE TOOLS

Value of imports given below since 1965 shows a growing demand for machine tools in Thailand.

	<u>Million Baht</u>	
	<u>Machine Tools</u>	<u>Parts & accessories</u>
1965	53.7	2.6
1966	74.1	2.5
1967	105.4	3.3
1968(Jan.-April)	27.9	1.8

100

In the absence of any large scale production in the country, import of machine tools roughly indicates the country's requirements. Bench type drilling machines and lathe machines manufactured locally are reported to be poor in quality and performance; hence their import is increasing. Within three years, i.e., between 1965 and 1967, machine tool requirement of Thailand increased two-fold, from 53.7 to 105.4 million baht. However, demand for parts of machine tools is as yet not significant.

Japan and U.K. are the largest suppliers of machine tools to Thailand. W.Germany, Italy, Taiwan, Denmark, U.S.A. are other important sources of supply (Table 32). India entered the market only in 1965 with an export of 20 machine tools worth B 468,000. Hence export of over 1.5 million baht worth of machine tools in 1967 is a good achievement.

Export Problems: India's export performance, however, could have been better but for certain problems. Finish and appearance are as important as price in the Thai market. This factor explains the dominance of Japan in this market segment. In this respect, it is reported that

there is much to be desired in Indian machine tools. Price-wise India's HMT machine tools are 20-25 per cent costlier than the Japanese. For the prices quoted by India, U.K. or W. Germany machines are available, in which Thai consumers have greater confidence.

Thai Government institutions such as the vocation educational institution, army workshops, naval dockyards, etc., require machine tools; U.K. and U.S.A. are the major suppliers to these institutions. While quality and performance rather than price count here, it is also true that sometimes such tools are tied imports against specific loans and aid given by those countries.

Machine tools are imported from India entirely against irrevocable letter of credit, whereas Japan offers deferred payment terms to their representative firms in Thailand so that local users are able to buy Japanese machine tools on instalment, payable monthly, weekly and at times even on daily basis.

Export Prospects: India has good scope for exporting machine tools to Thailand. Price competition from

Japan could be met by offering to reliable import houses attractive trade terms particularly deferred payment terms extending to a period up to six months. In Thai Government purchases, HMT and other manufacturers of high quality machine tools should be helped by the Government of India so that they can successfully bid in tenders by offering competitive price and long-term credit. In one recent tender of the vocational education institution, Colchester's (British firm) was the lowest bid (£ 1,342 per machine tool of size specification 10"x38"), while the bid of Hindustan Machine Tool (India) happened to be the costliest one (£ 3,220 per machine tool). A total of 192 machine tools were to be purchased against this tender. Indian machine tools need to be more competitive besides being good in quality.

Improvement in the finish and presentation of machine tools will help to increase exports from India.

HAND TOOLS AND SMALL TOOLS

Spanners and wrenches, blades for hand saw and machine saw, files and rasps are the important items of

import into Thailand. Japan, West Germany, United States and U.K. are the major suppliers of hand tools and small tools. India has a very small share in the total imports.

	£ Million	
	<u>Total Imports</u>	<u>Imports from India</u>
1966	50.6	0.3
1967	44.1	0.75

Though unsteady at present, Thailand is a growing market for hand tools and small tools in view of the presence of a large number of workshops engaged in assembly work and repair jobs. Such activities are likely to expand further in that country.

'Gedore' brand hand tools are popular among Thai customers. Commission agents of Indian origin are eager to import other brand tools also provided their quality is good and they get good margin as commission.

RUBBER TYRES AND TUBES

Total import of tyres and tubes in Thailand was quite substantial till 1967; between 1965 and 1967, his imports rose from 218 million baht to 320 million baht

(Table 33). However, a decline in the import of tyres and tubes is expected, as the domestic factories have gone into production. The most important import items are the following:

	Percent share to total imports of <u>rubber tyres & tubes</u>
1. Tyres exceeding 6 kgs. in weight for motor cars including tubeless tyres.	65 - 70
2. Tyres for pedal cycles	8 - 9
3. Tubes exceeding 1 kg. in weight for motor cars	5- 6
4. Tyres for tractors	4 - 5

India's exports for tyres and tubes showed three-fold increase between 1965 and 1967. In 1967, exports from India exceeded 10 million baht.

However, hardly 2 to 3 per cent of Thai's import of tyres and tubes originated from India. Over 90 per cent of India's exports are of two items: tyres for pedal cycles and motor car tyres. India also exports tubes for motor cars and motor cycles, tractor tyres, etc., but in very small quantities.

Country's demand for tyres and tubes and home production:

Production of rubber tyres and tubes was started in Thailand in 1965 by the Firestone Tyre Co. Ltd. with an initial capacity of 180,000 tyres per year. By 1968, capacity had gone upto 300,000 tyres per year.

Bridgestone Tyre Co., a joint Japanese-Thai venture, went into production in December 1968. Universal Tyre Company and Goodyear Tyre Co. are setting up rubber tyres and tubes factories in Thailand.

Estimated production capacity to be installed by 1970-71 in the various rubber tyres and tubes manufacturing units are as below:

<u>Manufacturing Company</u>	<u>Production capacity to be installed (Units)</u>
1. Firestone	300,000
2. Bridgestone	550,000
3. Universal	70,000
4. Goodyear	500,000
	<u>1,420,000</u>

Actual production of tyres and tubes in 1965 was:

<u>Type</u>	<u>Quantity (Units)</u>
1. Automobile tyres	200,000
2. Automobile tubes	200,000
3. Tyres for pedal cycles	1,115,500
4. Tubes for pedal tyres	1,646,000

Bicycle tyres and tubes were produced in a large number (exceeding 200) of mechanised rubber products factories in Bangkok.

Production of automobile tyres by the end of 1970 is expected to go up to 90 - 100 thousand units; demand is expected to rise from about 60,000 in 1967 to 100,000 units in 1970. In other words, home demand is likely to be met by local production.

In tubes, bicycle tyres and tubes also, production is expected to catch up with demand after 4-5 years.

Itemwise Import - Problems and Prospects: In the case of bicycle tyres, Japan is the major supplier (Table 34). Czechoslovakia, Taiwan and West Germany also compete. Indian export performance had been particularly good in 1966 and 1967 mainly due to price competitiveness. C.I.F. price of a bicycle tyre is 16 baht from India and it compares well with that from West Germany. Wholesale price of locally manufactured bicycle tyres is about the same, i.e., 15-16 baht. In 1968, however, imports from India went down by 30 per cent as compared to the previous year. From about Rs. 800,000 worth of export in 1967, in 1968 exports of bicycle tyres were only Rs. 560,000

Motor Car Tyres : Japan is the largest supplier.

U.S., U.K. and West Germany are other important suppliers.

India's share in the total imports is insignificant, accounting for hardly 1.3 per cent of the total.

Japanese dominance is explained by two factors. About 60 per cent of cars in the country are of the Japanese make. Further, Japanese tyres are 15 - 20 per cent cheaper than those from other countries.

Next to Japan, U.S., U.K. and West Germany are the important suppliers of motor cars to Thailand. Owners of these cars prefer to have tyres from the original manufacturers. Hence in spite of higher price for European and American tyres, imports have been maintained.

Export Prospects : Prospects of increasing India's exports of rubber tyres and tubes to Thailand are limited. Indigenous manufacture of tyres and tubes, particularly automobile tyres and tubes within the country has been increasing. In another 3-4 years Thailand may become self-sufficient in these. Efforts of the Thai Government to encourage setting up of new ventures and protecting them from outside competition is seen from

the fact that import duty on automobile tyres is raised since February 1969 from 15 per cent to 30 per cent ad valorem. Specific duty on tyres not exceeding 4 kgs. increased from 33 baht per unit to 52 baht per unit and for tyres not exceeding 6 kgs. in weight, from 55 baht to 84 baht per unit. However, there is no increase in duty on bicycle tyres and tubes.

Quality of Indian tyres should be improved so as to compete with Japanese, Taiwanese and Czechoslovakian tyres. About 50/60 per cent of bicycles are reported to be 'sports model' where quality counts very much. One of the reasons why duty is not raised on bicycle tyres is that the quality of locally manufactured tyre is not good. Locally manufactured tyres are of joint type which are less durable compared to the moulded type. British specifications are in demand for bicycle tyres.

Hence if the quality of Indian bicycle tyres and tubes is improved, exports from India might be increased in the next one or two years.

Electrical Equipments - Motor Transformers, Switchgears, Cables, Aluminium Conductors.

Thailand is a potentially large market for power generating and transmission equipments. This is borne out by the fact that by 1975-76, that is, by the end of the country's third plan a six fold increase in the quantum of power generation is planned. Demand in 1967 power equipment was estimated at 300-325 million baht and at 400 million baht in 1968. The major part of the country's demand is met by imports.

Imports of important power generating and transmission equipments in Thailand and imports from India since 1965 are given below:

Value : Million Baht

Item	1965		1966		1967		1968	
							(Jan.-April)	
	'To- 'tal	'From' 'India'	'To- 'tal	'From' 'India'	'To- 'tal	'From' 'India'	'To- 'tal	'From' 'India'
Electric Motors	46.9	0.24	42.8	0.17	68.8	0.007	19.8	-
Electric Generators	52.6	-	45.6	-	61.6	-	65.7	-
Transformers	64.8	0.03	58.6	-	83.6	0.028	40.1	-
Alternators								
Switchgear	1.8	-	2.0	-	3.2	-	2.6	-
Insulated wires and cables	76.4	0.31	71.5	-	109.5	0.05	28.8	0.06
Total:	242.5	0.58	220.5	0.17	287.4	0.08	157.0	0.06

Itemwise import of power equipment shows that they are on the increase but for a slight decline in 1966. A sharp rise in the import of electric generators, transformers and cables was expected in 1968 since the Metropolitan Electricity Authority (MEA) and the Provincial Electricity Authority (PEA) had floated a large number of tenders. But imports from India have been continuously declining. From B 579,000 in 1965, exports dropped down to B 81,000 in 1967.

Home Production: According to the Ministry of Industry there were 117 factories in 1965 in the field of electric machinery and electric supplies and equipment; but most of them small.

Promotion certificates have been issued to the following firms:^{1/}

1/ Appraisal Report No. 18. A description of the Industrial Sector by Thailand by Economic Evaluation Group, Bangkok 1968. Applied Scientific Research Corporation of Thailand, p. 161.

Company	'Operation 'due to 'start	'Kind of Pro- 'duct '	'Annual 'capa- 'city
1	2	3	4
1. Pacific Electrical Engineering (Thailand) Co. Ltd.	1962	Electric wires	2,000 tonnes
2. Thai Electric Cable Co. Ltd.	1964	Electric wires	1,000 tonnes
		Switches, fittings, etc.	10,000 units
3. Thai Yazati Electric Industry Co. Ltd.	1962	Electric wires	800 tonnes
4. Thai Union Electric Industry Co. Ltd.	1963	Transformers	96,000 units
		Welding machines	600 units
		Battery Chargers	600 units
		Cutout Switches	1,00,000 units
		Electric motors	20,000 units
5. Thai Industry Machinery Co. Ltd.	Not yet started	Electric motors	12,000 units
		Misc. Electrical equipment	1,84,000 pieces

Production data are not available. But home production of electric wires, motors and transformers has been growing due to utilization of installed capacity and commissioning of new units.

Major Sources of Supply and their Competitiveness: Japan, U.K., West Germany and U.S.A. are the major sources of supply of most of the items under consideration accounting for over 75 per cent of Thai Imports. (Table 35). Hong Kong and Taiwan are coming up as important exporters of electrical motors, transformers and insulated wires. Exports from India declined from B 579,000 in 1965 to B 80,000 in 1967. However, in 1968 overall exports from India have picked up again as seen from the following:

	(1000 Rs.)	
	<u>1967</u>	<u>1968</u>
1. Electric Cable	15.7	-
2. Transformers	11.8	978.7
3. Switchgear	60.1	293.0

Electric Motors: Electric motors of fractional H.P. ($\frac{1}{4}$ H.P. and $\frac{1}{2}$ H.P.) are used for irrigation pumps and domestic booster pumps. Annual demand at present of fractional

H.P. motors is estimated at 30-40 thousand units. Motors of 1 H.P. and above are required mainly in workshops, factories, etc. Motors of fractional H.P. are used in industry only for specific operations.

Japanese electric motors - Hitachi, Mitsubishi and National brands - are cheap and virtually control the market. India exported some electric motors for office or house-hold use in 1967. Price-wise India is reported to be uncompetitive against Japan. C.I.F. prices of $\frac{1}{4}$ H.P. motors from Japan and India are as below:

	<u>₹ Per piece</u>
Japan	9 - 10
India	15 - 17

Cables and Aluminium Conductors: India is competitive in cables. Pricewise, India is at least 10-15 p.c. lower than others.

C.I.F. prices of Aluminium
Conductors

	<u>₹ per lb.</u>
India	0.24
Taiwan	0.26
Japan	0.18

But it is reported that the final consumers, viz., the Provincial Electricity Authority and the Metropolitan Electricity Authority have no good impression of the quality of the Indian product. Hence, PEA insists on a clause in tender for inspection at factory by a PEA Engineer. MEA has this system since long.

Transformers: In the case of transformers Japan is our main competitor. About one-fourth to one-third of the total Thai imports are from Japan. However, Indian manufacturers and exporters have successfully bid in tenders. An idea about India's competitiveness can be had from the quotations submitted in a recent tender.

Transformers 12000/KV/167 KVA	
Per Unit	
(£ C.I.F.)	
Crompton (India)	1,855
Mitusbishi (Japan)	2,050
Pakistan	2,300
Gujarat (India)	2,500
Italian	2,600
German	2,300
U.K.	2,800

Export Problems: Problems facing Indian exports of electrical machinery and equipments are the inability of Indian manufacturers and exporters to offer attractive terms of trade.

(a) Japanese trading houses, it is said, give 5-6 month interest free credit to dealers and wholesalers in Thailand and adopt the system of collecting money from them on monthly, weekly and daily instalments. It is possible for a foreign manufacturer to adopt this system if he has a local office in Thailand to evaluate credit-worthiness of wholesalers and dealers.

(b) Government agencies are the major purchasers of electricity generation and transmission equipments. They purchase their requirements by issuing tenders. Thai and European import houses concentrate their attention in participating in the tenders on behalf of their principals from abroad.

(c) An important problem connected with Government tendering is the need of spending large money to cultivate the officials concerned. Influential local agents are in a position to successfully bid in tenders

by paying commissions. But ultimately it is the actual exporter 'principal' who will have to bear such expenses. It is reported that very often Indian exporters express their inability to comply with such conditions.

(d) Non-adherence to tender specifications by certain Indian exporters (which are very rigidly followed by tendering authorities) and delay in the delivery of goods are other complaints generally voiced against Indian exporters. This has a backwash effect even on reputed Indian export houses. In electrical equipments - motors, transformers, cables, etc., German specifications and their equivalents are prescribed.

Tender issuing authorities insist on "supplier credit". Japanese exporters give credit upto 15-18 years. Besides price competitiveness, credit terms are the other consideration for successful bidding in tenders which Indian exporters have to take into account.

Export Prospects: India has very good prospects of exporting electrical machinery and equipment to Thailand. For a six-fold increase in electricity generation and

transmission, imports of electrical machinery and equipment will have to be stepped up; it is known that local production of electric motors, wires, etc., would not match growing demand.

Crucial factors in increasing exports from India are:

- (a) adherence to tender specifications and delivery periods.
- (b) Payment of 'hidden commissions'
- (c) Government of India should find out the possibility of giving "performance guarantee" to tender authorities in Thailand on behalf of manufacturers of high quality goods of both private and public sectors in India. This may have a salutary effect even as a temporary measure in improving the bad impression created by certain Indian exporters.

DIESEL ENGINES

Import of diesel engines and internal combustion piston engines has been fast increasing in Thailand. Between 1965 and 1967, i.e., in a period of three years import increased by about 1.7 times from B 351 million in 1965 to B 578 million in 1967. Considering the priority given by the Thai Government to irrigation programme and to the fishing industry in the current

economic plan, the demand for diesel engines would increase even faster. Manufacturing or assembling of diesel engines is not done at present in Thailand. Hence all the requirements have to be imported.

While Thailand's import of diesel engines is increasing, exports from India, insignificant as they are, show no steady trend. Percentage share of exports from India to total imports of Thailand declined from 0.5 per cent in 1965 to 0.4 in 1967 and to 0.3 per cent in 1968 (Jan.-April). (Table 36).

Diesel engines, parts of internal combustion diesel engines, internal combustion piston engines (other than for tractors, motor vehicles and boats) and parts of diesel and semi-diesel engines account for about three-fourths of total imports (Table 36). India exports all these categories. But most important is diesel and semi-diesel engines which come to 75 per cent of total exports. India does not export diesel engines for motor boats and exports of marine diesel engines and engines for motor vehicles are negligible.

Main Uses: Main uses to which diesel engines and internal combustion piston engines are put are: irrigation pumping sets, oil and rice mills, power generating sets, tractors and boats.

Major Sources of Supply: Major sources of supply of diesel engines and internal combustion piston engines for Thailand are Japan, U.S.A., U.K., West Germany and Austria. By far the largest supplier of diesel engines and their parts is Japan. (Tables 37 and 38).

Diesel and Semi-diesel Engines: 2-8 H.P. diesel engines are used for irrigation purposes. Present demand for such diesel engines is put at 30,000 per annum. Total import of diesel and semi-diesel engines in 1967 was about 47,900 nos. In other words about 60 per cent of total imports of diesel engines consists of low h.p. engines for irrigation purposes. Diesel engines of higher h.p. (15-25 h.p., etc.) and semi-diesel engines are generally required by rice and oil mills.

India exports diesel engines in the low h.p. range for irrigation purposes where India has to face competition

from Japan, U.K. and West Germany. Yanmar diesel engines of Japan are available at about 30 per cent cheaper than Indian. (Jan.-Feb. 1969). In terms of c.i.f. price, Indian diesel engines are reported to be on the same level as that from Europe, U.K. and West Germany. In terms of quality Indian product is more durable (giving service from 5 to 10 years) unlike the Japanese ones which give good service usually for 1 - 2 years.

Even though the Indian product works out cheaper from the long-term view, consumer taste fits well with the Japanese product. All that a Thai farmer is interested is to get service for one to two years from a diesel engine without taking it for repair. He may even throw away a diesel engine and may go in for a new one since he would have recovered the money he invested on the Japanese engine in the two years.

Japanese diesel engines are light in weight, compact in size and attractive in get-up. Thai farmers, therefore, prefer Japanese diesel engines to others. It may be worthwhile for Indian manufacturers to take

into account these characteristics of consumer preference to increase their export prospects.

Higher H.P. diesel engines, 15-25 H.P. and semi-diesel engines are required by the rice, sugar and oil mills. Medium-size rice mills require mostly 25 H.P. diesel engines of low r.p.m. while Indian exports are mostly of 15 H.P. Demand for diesel engines of that specification might increase considerably from now; from 1968 there is no need to obtain any licence from Government to start a medium-size rice mill. India should export now diesel engines of 25 H.P.

U.K. engines are popular in the size range of 200 H.P. to 500 h.p. Even Japan has not been successful against U.K. here. Brand consciousness is great and moreover users of these, viz., in mines, ships, etc., get second-hand diesel engines at cheap price from U.K. India has less chance in this field.

Spare parts trade : Indian exports of parts of diesel engines and internal combustion piston engines have been unsteady and generally on the decline. But of the total imports, the share of parts of diesel engines is about

27-28 per cent and is increasing. This is worth concentrating upon by exporters. India seems to have price advantage over U.K., Germany and even Japan in diesel engine parts.

Problems of Export: While Thailand's imports of diesel engines have been increasing fast, India's performance has been far from satisfactory. In 1966 exports were 45 per cent less than in 1965. Though exports increased again in 1967, the 1968 data for the first four months do not hold much promise. Thus the prospects of rise for the Indian exports are uncertain. However, this might be due to the following reasons:

(a) As compared to U.K., U.S.A., West Germany and Japan, India has entered the market only lately. Hence market cultivation process has been taking place only now.

The quality of Indian engines is not rated high in Thai market. The manufacturers of ipak and Jamidar brand diesel engines had sent their product to Asian Trade Fair held late last year and later on sold to importers. Importers were not happy with their performance. Exporters should take care in exporting

good quality products to develop confidence among importers about the performance of Indian engines.

(b) Indian product is not cheap. Being essentially a price conscious market, pushing in sales of high priced product in Thailand will be an uphill task.

(c) If durability is taken as a merit of the Indian product vis-a-vis Japanese, for almost the same price that India sells, U.K. and German engines are available with better finish.

(d) Six months to 1 year credit is a factor for promoting exports. Even the present level of exports of diesel engines from India are possible mainly due to credit terms extended to consumers. But this is possible if Indian exporters open their own selling agencies and start operating in Thailand as is done by Kirloskars or by giving credit to importers. An element of risk would be involved in either case but it might be worth undertaking such a risk considering the market size and the prospects of increasing exports.

Prospects of Diesel Engine Imports: An idea of the prospects of imports of diesel engines and internal combustion engines in Thailand could be had from the overall expenditure on agricultural development in the national plan. As given in Chapter ^{1/}I, irrigation programme forms the core of the agricultural plan. As against an estimated actual expenditure of 3,900 million baht in the agricultural sector in the period 1961-66, the planned expenditure during 1967-71 is 11,360 million baht, i.e., about a three-fold increase.^{2/} The expenditure on irrigation projects may well exceed 6,000 million baht, i.e., more than 50 per cent of the outlay for the agricultural sector. In 1967-71 the net irrigated area would increase by about 30 per cent, i.e., from 4.6 to 6 million acres. However, this will come to only 12 per cent of the arable land. Thailand Government is keen on bringing more land under irrigation to strengthen the agricultural base of the country.

^{1/} Pages 207 - 208

^{2/} Government of Thailand. The Second National Economic and Social Development Plan (1967-1971) Bangkok, p. 39.

The above account implies that demand for pumping sets, electric motors and diesel engines would increase in the current plan period (1967-1971) and afterwards. Similarly demand would increase for all types of internal combustion piston engines. Demand for marine diesel engines would also increase substantially. Agricultural credit is made available to farmers to purchase necessary machines and equipments like pumps, diesel engines, etc.

Factors to help in increasing India's exports of diesel engines are:

- (a) Improve price-competitiveness of Indian diesel engines;
- (b) Manufacturers of high quality engines should open their sale offices, like Kirloskars and then try to sell engines on credit terms to reliable dealers;
- (c) Concentrate on parts of diesel engines.

PETROLEUM PRODUCTS

Home Production: The high income level and steady growth in GNP have contributed to a rising demand for petroleum products in Thailand. The indigenous

production^{1/} (petroleum refining based on imported crude) falls by about 30 per cent short of demand and Thailand has been a large importer of petroleum products particularly crude petroleum. (gasoline, diesel oil, jet . fuel, mineral lubricating oil, etc.) (Table 39).

India entered Thai market for petroleum products in 1966, after negotiations with the Summit Industrial Corporation (SIC) which supplies petroleum products to Thai Government.

India exports to Thailand gasoline or benzene for general use, benzene for aeroplane, diesel oil and diesel gas oil. These are important items of import for Thailand. In Thailand, diesel oil is mostly used by trucks, diesel generation sets and industry. With the commissioning of a thermal plant based on fuel oil sometimes in March 1969, about 10,000 tonnes (additional) of fuel oil per month would be needed. Annual demand for diesel oil exceeds 300/350 million litres. As^{2/} already noted, demand for gasoline, which at present is about 200 million litres, is rising at the rate of

^{1/} See pages 253-254 for description of local production.

^{2/} See page 253.

7 per cent per annum and that of diesel oil at 25 per cent per annum and that of fuel oil at 15 - 17 per cent per annum.

In 1966-67 the SIC has had no difficulty in getting petroleum products from Indian suppliers (Indian Oil Corporation) except for diesel oil. It is reported that the colour of our diesel oil is not to Thai specifications. In addition, the distillation range of Indian oil is below the required specification. It appears that Cochin refinery from where exports are made to Thailand cannot adjust to these specifications. The result is that since 1968 our exports of diesel oil are stopped. The SIC alone buys about 30-40,000 tonnes of diesel oil from abroad. The SIC is interested in buying gasoline and fuel oil from India.

Crude petroleum, mineral lubricating oil, and kerosene are the other important items of import accounting for about 60 per cent of total import of petroleum and petroleum products, which India is not in a position to export.

Major Sources of Supply: Indonesia, Singapore, Iran and Malaysia are the major competitors to India (Table 40).

Export Problems:

(a) India was competitive in diesel oil, gasoline and diesel gas oil which were exported in 1967 and 1968. Unit c.i.f. values of certain items are as given below:

		(Baht per litre)	
		<u>1967</u>	<u>1968</u>
Gasoline or benzene for general use	India	0.44	0.38
	Indonesia	0.50	0.46
	Iran	0.44	0.56
Benzene for aeroplane	India	0.50	0.76
	Indonesia	0.93	0.80
	Iran	0.97	0.48
Diesel Oil	India	0.40	-
	Indonesia	0.49	0.52
	Iran	0.40	0.47
Oil, solar or diesel gas oil	India	0.39	0.42
	Indonesia	0.55	0.40
	Iran	0.44	0.47

(b) Shipping and tanker problems have to be solved. There is no shipping service from Cochin to Bangkok. In the past, when the SIC arranged tankers, exporters had no stocks of petroleum products and when India had stocks to load, tankers were not available.

(c) Quality of petroleum products should be good, uniform and to the specification. As the SIC has to supply to Thai Government departments, and as the latter are very rigid to specifications, the SIC comes into trouble for any variation in quality.

Export Prospects: India has good prospects of exporting petroleum products to Thailand provided the present problems facing India's exports are solved.

FANS AND SEWING MACHINES

Thailand imports fans and sewing machines worth 65-70 million baht a year. There is a growing demand for these goods in the country, which can be seen from the rising imports since 1965:

	(Million Baht)	
	Fans	Sewing Machines (including parts)
1965	20.9	23.8
1966	27.0	27.0
1967	35.7	37.5
1968 (Jan. - April)	15.7	8.5

Home Production: Assembling and manufacturing of fans and sewing machines in Thailand has started recently. However,

at present home production would be hardly 15 - 20 per cent of the imports.

Electric Fans: Thailand has a big market for portable and pedestal fans. Imports from India are mainly of ceiling fans. (Table 41).

While total imports of the country have been continuously increasing, imports from India increased from 133,000 baht in 1965 to 302,000 baht in 1966 but dropped down to 120,000 baht in 1967. In the first four months of 1968 imports were only 1.6 thousand baht. In the value of imports of portable fans there was a constant drop from 69,000 baht in 1965 to 46,000 baht in 1967. In the first four months of 1968, there was no import of portable fans from India.

Kong Yong Electric Manufacturing Company came into existence in 1965 with annual production capacity of 50,000 sets. Another factory by name Mayer Co. Ltd. with production capacity of 100,000 units is to be set up soon. Sanyo's collaboration with Thai Electrical is also to manufacture portable electrical fans in Thailand.

At present Japan and Taiwan are the major suppliers of electrical fans to Thailand. Hong Kong, U.K. and Italy also export fans in substantial quantity.

Export Problems: Price and presentation are the twin problems facing India's exports of fans. In portable fans, India is not competitive in price.

Wholesale prices of India, Hong Kong and locally manufactured fans of different sizes are as follows:

<u>Brand</u>	<u>Size</u>	<u>Wholesale price Baht per unit</u>
1. KAC Brand made in Thailand	36"	320
	48"	420
	56"	520
2. Victor Brand made in Thailand	36"	285
	48"	400
	56"	Not made
3. Hong Kong	36"	N.A.
	48"	480
	56"	500-550
4. Indian (Usha fans) landed cost, i.e., upto godown	36"	Not imported
	42"	450
	48"	490
	56"	510

In the case of Indian fans, in addition to landed cost, the wholesalers margin varying from 3-15 per cent and the cost involved in minor additions and alterations will have to be included. Thus Indian fans are at least 15 - 20 per cent costlier than Hong Kong and local made ones.

In addition to uncompetitive prices, Indian fans are heavy and have no 'time switch' arrangement. The presentation of Japanese and Hong Kong fans is much better than Indian fans. Being essentially a price and show conscious market, Indian fans do not attract consumer attention. India has found a good market in the north-eastern part of Thailand where there are a few Indian dealers.

Major competitors for India in the Thai market for electric fans are Japan, U.K., West Germany and U.S.A.

Sewing Machines: In sewing machines export performance of India has been very poor (Table 43). While Thailand's import of sewing machines has been constantly growing,

imports from India are unsteady. In 1965, India exported only parts of sewing machines worth 2,000 baht. In the next year India exported 500 sets of household sewing machines of the value of 182,000 baht and 22,000 baht worth of machine parts, total value exceeding 200,000 baht. But in 1967 exports dropped down to 77,000 baht and in the first four months of 1968 there was no export at all. Indian sewing machines are mainly Usha machines.

There are a few sewing machine assembly units, within the country. Singer (US) has also started assembling machines in Thailand. However, local production falls very much short of requirement; hence imports are growing.

There is great demand for household sewing machines and parts of sewing machines.

Japan is the main supplier of sewing machines. Taiwan is also entering the market in a big way. (Table 43).

Export Problems: Price and presentation are the main problems facing India's export of sewing machines.

Uncompetitiveness of Indian sewing machine can be seen from the wholesale prices given below:

	Wholesale price of a household sewing machine Baht
India	810
Japan	750-850
Taiwan	680

Besides being competitive, Japan offers other sale attractions like two boxes of complete sets of accessories, table cover and foot-mat whereas a customer purchasing Indian sewing machine gets only one accessory box.

Moreover, Indian sewing machine is heavy ~~relative~~ to Japan's. Sewing is done mostly by ladies in Thailand who prefer a light machine.

The get up of the Japanese machine is much better than the Indian. For all these reasons some brands of Japanese machines are more saleable than Indian ones. For instance, Mitsubishi sewing machine is sold at

wholesale price of 1,250B. Presentation aspect is so important that even a two years' gurantee period given by India as against one year given by the Japan has not been helpful to Indian exporters.

Export Prospects of Fans and Sewing Machines: In spite of increasing local manufacturing of fans and sewing machines in the country there is a good scope for exporting fans and sewing machines, particularly in the near future. Crucial factors for increasing exports are:improvement in the presentation of items and price competitiveness. This may be possible if the various jobs concerning final presentation and finish are undertaken at the manufacturing stage in India itself.

Opening up of sales office by Usha in Thailand has no doubt helped establishing direct contact with wholesalers and retailers in Thailand. What may, perhaps, promote Indian exports is to follow the Japanese method of liberally extending credit facilities to reliable whole-salers and retailers. Though this may involve some risk, the local sales agent in Thailand might be encouraged to judiciously take such risk.

Chemicals

Thailand's import of organic and inorganic chemicals has been increasing year by year and so too have imports from India.

	<u>Million Baht</u>	
	<u>Total Thai Import</u>	<u>Imports from India</u>
1965	284.13	0.75
1966	340.06	1.18
1967	395.53	1.38
1968 (Jan.-April)	36.31	0.54

Between 1965 and 1967 Thai imports of chemicals increased at the rate of 50 million baht a year. The important items of import are sodium salts, inorganic compounds and chemical elements and organic compounds (Table 44). Imports from India of these items are negligible. India exports mainly three items - zinc oxide, naphthalene and enzymes and since 1968 zinc chloride.

Home Production and Requirements: Chemical industry is developing rapidly in Thailand and there are now some 22 factories making about 30 different types of chemicals.

Important chemicals produced in the country are electrolytic caustic soda, hydro-chloric acid, dicalcium phosphate, ethyl alcohol, chemical fertilizers etc. Development is hindered somewhat by the lack of indigenous raw materials such as sulphur, bauxite, copper, zinc phosphates, and coking coal. Salt, however, is plentiful and cheap. There is good scope for exporting the other items from India to Thailand.

The annual Thai requirement zinc oxide is about 500 tonnes, caustic soda in flakes 3,000 tons and in solid ones 2,000 tons and anhydrous ammonia gas in cylinders of 150 lb. each 200 tons.

Major Competitors: U.K., U.S.A., West Germany, Belgium, Japan and Australia are the major sources of supply of industrial chemicals to Thailand market. India is not a major supplier. But in such items like zinc oxide, dyestuffs for textiles, etc., India is quite competitive. For instance, the c.i.f. price of zinc oxide of 99.8 per cent zinc from India is about \$ 300 per tonne. Indian price is reported to be about 15-20 per cent lower than that of Japan and U.K.

Export Problems and Prospects: A problem facing India's exports is that many of the European import houses have a firm tie up with suppliers from Europe and only in cases where they cannot obtain supplies from their European partners, will they be interested in imports from India. Government controlled paper and sugar industry procure their requirements from local importers through tenders. For this, there is competition between European import houses and the Thai importers who purchase from Japan.

India has good prospects of exporting such chemicals like ammonia gas, caustic soda, sodium salts and other organic and inorganic compounds. Caustic soda in flakes could be sold at \$ 100 per tonne (c.i.f. Bangkok) and solids \$ 58 per tonne. Anhydrous ammonia gas in cylinders of 150 lb. could be sold at \$ 15.4. The Thai importers are willing to supply their own cylinders. Indian exporters should try to enter into long-term contracts with consumers of chemicals (textile, paper, rubber factories) for supplying chemicals from India on competitive terms.

PROSPECTS FOR INDIAN EXPORTS

The National Economic Development Board of Thailand expects imports to grow at an average of 8 per cent per annum. On this basis, an import bill of about \$/1,450 million in 1973-74 can reasonably be expected.

An attempt has been made to estimate the potential of selected commodities in the import trade in the year 1974. (Table 45) Only those products wherein India has any advantage have been taken. Shares have been established after taking into account the current policies of import substitution, the existing domestic availabilities and likely trends in demand. Possibilities of new units being established in accordance with the industrial promotion policies have also been assessed. Of course, this is a conservative estimate. The Thai market is open and competitive and hence there would not be any hurdles to trade if the needed sales effort is made from the Indian side.

Thailand is keen to export raw jute, rice and marginal quantities of rubber to other countries. India does not require these products in any large quantity, but in time of need, their import could be considered.

Chapter 7

JOINT VENTURES AND SERVICE CONTRACTS

Industrially backward but the fast developing economy of Thailand offers a wide scope for joint ventures and service contracts. Thai Government policy towards private investors - both foreign and local - combines maximum assistance with liberal incentives. The Board of Investment, an organ of the Royal Thai Government, decides on the merit of specific proposals the promotional benefits that can be given to an investor under the Promotion of Industrial Investment Act of 1962. These benefits include

- Five year income-tax holiday
- exemption from import duty on the purchase of machinery and equipments necessary for industrial activity.
- exemption from or reduction of import duty on raw materials.
- exemption from business tax on machinery, component parts and accessories required for the industrial activity.

Details about the important features of this Act and various benefits and privileges that an investor will be entitled and the industries classified for promotional benefits are given in Appendix 3.

Among foreign countries Japan is the largest investor in Thailand; its total investments between April 1959 and June 1968 exceed 156 million Baht (Approx. \$ 7.5 million)*. USA has invested in the above period over 30 million Baht (\$ 1.5 million) in Thailand. Between April 1959 and June 1968, capital investment from Indian nationals was 12 million Baht (\$ 0.6 million). Taiwan, U.K., Singapore and West Germany are the other countries who have made investments in Thai industrial activities.

Industries that have come up in the last 7 - 8 years are spinning and weaving, sugar, edible flour, food processing, bicycle tyres and tubes, caustic soda, automobile assembling, paint, domestic electric appliances, etc. Hotel industry has been prominent in the last 4-5 years. Industries that have come up with Indian participation are:**

* Board of Investment December, 1968.

** Firms under promotion as of 31st December, 1967.

<u>Promoted firm</u>	<u>Activity</u>	<u>Certificate date of issue</u>
1. Dhonburi Textile Mills Weaving Co. Ltd., (100 per cent Indian Investment)	Weaving	June 1960
2. The Pajioa Flour Commercial Co. Ltd., (Joint venture)	Edible flour	August 1962
3. Alucon Industry Co. Ltd., (Joint venture)	Aluminium products	October 1963
4. The Concrete Products and Aggregate Co. Ltd., (Joint venture)	Stone quarry	January 1964

It can be seen from the above that since 1964 no new units have come up in Thailand with Indian participation. A steel re-rolling mill with Indian collaboration is expected to come up in 1 to 1½ years. Final decision about this venture was taken in January, 1969. But the scope for Indian entrepreneurs for joint ventures with local businessmen in Thailand exists other lines also. Mention may be made here of the following fields :

1. Iron and Steel Industry

(a) Foundry Units : Though there are a few foundries in Thailand, there is scope for few more casting units

considering the growing demand for high quality iron and steel for industrial applications.

(b) Rolling mills: While the existing rolling mills turn out mostly bars, rods, re-inforcing bars, etc., the demand for hot rolled and cold rolled sheets, skelp and other flat products is met by imports. Market for flat products by 1974 may go upto 300,000-350,000 tonnes. Hence there is very good scope for a rolling mill producing flat products.

2. Agricultural Tools and Implements

For an essentially agricultural country like Thailand where agricultural operations have not reached high level of mechanisation, demand for ploughs, harrows, spades, shovels, etc. is large. Two units (Thai Industrial Machinery Co. Ltd., and Thai Crocodile Agriculture Implement Co. Ltd.) have been given promotion certificates. But neither company has so far come into being. Even if they start producing, there will be enough demand in the country for a new unit.

Besides the above mentioned implements, Indian entrepreneurs could think of other items like pumping sets for which there is growing demand in Thailand.

3. Bicycle Assembly Units

At present bicycle assembling work is done in small workshops. There is only one factory, Thai Bicycle Industry Co. Ltd., with annual capacity of 20,000 units which has been assembling bicycles since 1968. Indian bicycle manufacturers could set up a bicycle assembling factory in Thailand based on bicycle parts produced in Thailand as well as imported from India. Annual import requirement of bicycles by 1973-74 being 20-25 thousand, assembly plant of 15-20 thousand unit annual capacity could be an economical proposition.

Thailand offers good scope for starting metal working units, for units producing electric motors, diesel engines, office furniture and equipments, etc.

4. Construction Activities

Besides joint ventures in industrial activities, Thailand offers opportunities for Indian construction companies to participate in construction activities in

Thailand. European, Japanese and US companies are taking keen interest in civil construction jobs - highways, dams, bridges, canals, ports, etc.

To some extent scope for India is limited because the country which gives aid for a specific project gets a better chance for undertaking construction jobs connected with that project. But in these cases reputed Indian constructing companies might secure sub-contracts. Thailand Government itself initiates various projects in the execution of which Indian construction companies have a chance. Certain Thai construction companies are keen to join hands with reputed companies from India for jointly undertaking construction jobs. Indian companies have a better chance of competing against European and US companies by their comparatively low maintenance cost of engineers and technicians.

TABLES & APPENDICES

Table 1OUTPUT OF SELECTED AGRICULTURAL COMMO-
DITIES, 1959-67

(Thousand tonnes)

Items	1959	1960	1961	1962	1963
1	2	3	4	5	6
Rice	7,053	6,769	7,834	8,176	9,279
Rubber	161.0	171.8	186.1	195.4	193.3
Corn (maize)	317.2	543.9	598.3	665.4	857.7
Cassava roots	1083.0	1222.0	1726.0	2077.0	2111.0
Sugarcane	4988.0	5382.0	3984.0	3154.0	4733.0
Mung beans	45.9	60.3	40.6	53.7	116.0
Groundnut	123.7	152.0	107.9	112.4	112.9
Soya beans	22.5	25.6	24.2	30.0	33.0
Sesame	16.8	18.6	12.4	16.0	16.0
Coconuts	905.0	1040.0	1054.0	1098.0	1147.0
Castor beans	34.0	43.0	32.8	43.6	52.9
Cotton	37.4	45.5	38.3	41.3	48.6
Jute	3.9	6.2	11.6	6.7	6.9
Kenaf	50.0	181.3	339.3	134.0	211.7
Ramie	0.6	0.8	1.0	0.8	0.6
Tobacco	67.1	74.1	48.4	47.9	46.6

(Contd..)

Table 1 (Contd.)

Items	1964	1965	1966	1967
1	7	8	9	10
Rice	10,028	9,558	9,218	11,854
Rubber	210.6	217.4	220.0	219.0
Corn (maize)	935.1	1021.3	1250.0	1000.0
Cassava roots	1557.0	1475.0	2340.0	2200.0
Sugarcane	5074.2	448.0	4450.0	4450.0
Mung beans	110.2	124.8	125.0	128.0
Groundnut	119.8	130.6	130.0	130.0
Soya beans	31.3	19.1	20.0	20.0
Sesame	13.1	18.3	19.0	19.0
Coconuts	1100.0	1170.0	1289.1	1222.9
Castor beans	39.0	31.6	44.2	45.0
Cotton	49.1	59.8	75.0	80.0
Jute	6.5	8.7	9.0	9.0
Kenaf	303.1	528.6	550.0	280.0
Ramie	0.8	1.1	-	-
Tobacco	62.8	75.5	68.0	-

Source: Agricultural Statistics of Thailand, 1965 -
 Department of Agriculture; Adopted from
 Monthly Report, Bank of Thailand, Vol. VIII,
 No. 11, Nov., 1968.

Table 2DISTRIBUTION OF ECONOMICALLY ACTIVE
POPULATION

Occupation - 1960	Million	Economic Sector - 1966	Million
1. Professional Technical	0.17	Agriculture	11.62
2. Clerical	0.15	Manufacturing and Mining	0.93
3. Sales	0.73	Construction	0.11
4. Farmers, Fishermen and related workers	11.38	Electricity and Water Supply	0.03
5. Transport and Communications	0.14	Transport and Communications	0.23
6. Craftsmen and Production	0.81	Trade and Commerce	0.83
7. Entertainment & Restaurant	0.27	Services	0.80
8. Other Occupations	0.13		
Total	13.75	Total	14.55
Total Population	26.30	Total Population	33.09

Source: National Economic Development Board,
Thailand (as quoted in "Economic Indi-
cators of Thailand", 1968, issued by
Board of Investment).

Table 3GROSS NATIONAL PRODUCT, CONSUMPTION EX-
PENDITURE AND CAPITAL FORMATION

Year	Gross National Product (at current prices) (Billion Baht)	Gross National Product (at 1962 prices) (Billion Baht)	Index 1957= 100	Consump- tion Ex- penditure (at 1962 prices) (Billion Baht)	Capital Formation (at 1962 prices) (Billion Baht)
1957	45.2	48.2	100.0	40.2	6.9
1958	47.0	48.6	100.8	39.3	6.8
1959	50.3	53.6	111.3	43.3	7.6
1960	55.7	59.4	123.2	47.5	8.9
1961	59.9	61.9	128.4	50.4	9.9
1962	65.2	65.2	135.3	52.9	11.6
1963	68.9	71.6	148.6	55.7	15.1
1964	73.7	76.0	157.6	59.1	16.8
1965	81.3	82.7	171.5	63.1	18.8
1966	96.8	91.8	190.5	67.6	22.3
1967	105.6	96.3	199.7	72.9	25.4

Source : National Income of Thailand, 1967 Edition
(Office of the National Econ. Dev. Board), pp.147.

Table 4

CONSUMER PRICE AND WHOLESALE PRICES INDICES
FOR THAILAND AND OTHER SELECTED COUNTRIES

Period	Consumer Price In- dex for Bangkok - Thon Buri	Wholesale Price Indices					
		Thai-			Phili-	United	United
		land	India	Japan	ppines	Kingdom	States
1958		100	100	100	100	100	100
1959		94	104	101	100	100	100
1960		92	111	102	106	102	100
1961		100	113	103	111	104	100
1962	100.0	106	115	102	116	107	100
1963	100.9	99	119	103	128	108	100
1964	102.9	93	134	104	134	112	100
1965	103.8	96	146	104	137	117	102
1966	107.7	110	165	107	143	120	105
1967	112.0	118	191	109	149	122	106
1968 (September)	114.3	114	N.A.	N.A.	N.A.	N.A.	N.A.

Source: Bank of Thailand, Monthly Report, Vol. III,
 No. 11, Nov., 1968 (pages 73 & 74)

Table 5PUBLIC DEVELOPMENT EXPENDITURE BY SECTORS UNDER THE
SECOND PLAN

(Million Baht)

Sector	Estimated Actual		Planned	
	Expenditure		Expenditure	
	1961- 1966	%	1967- 1971	%
1	2	3	4	5
Agriculture	3,900	13.9	11,360	19.8
Industry & Mining	2,340	8.3	915	1.6
Transport & Communications	7,360	26.1	17,100	29.7
Energy	4,740	16.8	4,970	8.6
Commerce			180	0.3
Community Facilities & Social Welfare	5,560	19.7	10,270	17.8
Public Health	1,060	3.8	2,570	4.5
Education	2,080	7.4	6,605	11.5
Unallocated	1,140	4.0	3,550	6.2
TOTAL :	28,180	100.00	57,520	100.00

1/ About B 4,000 million lower than indicated in the First Plan.

Source: The Second National Economic and Social Development Plan (1967-71), Government of Thailand, pp. 38 and 39.

(Contd..)

Table 5 (Contd..)

(Million Baht)

Sector	Govt. Budget	Foreign Loan ^{1/}	Foreign Grant	Self financed by State Enterprises and local Govt. ^{2/}
1	6	7	8	9
Agriculture	8,420	1,990	550	400
Industry & Mining	600	-	150	165
Transport & Communications	9,190	4,140	1,310	2,460
Energy	1,375	2,260	330	1,005
Commerce	180	-	-	-
Community Facilities & Social Welfare	5,210	1,640	1,120	2,300
Public Health	1,800	-	755	15
Education	5,500	570	555	-
Unallocated	3,300	-	250 ^{3/}	-
TOTAL :	35,570	10,600	5,020	6,345

^{1/} Including foreign exchange loans from the Bank of Thailand ;

^{2/} Including B 2,300 million revenue from local Govt. and Thailand Rubber Cess Fund of B 400 million;

^{3/} Non-project Grants : Peace Corps., General Scholarships, etc.

Source: The Second National Economic and Social Development Plan (1967-71), Govt. of Thailand, pp. 38 & 39.

Table 6

ECONOMIC AND SOCIAL DEVELOPMENT PROGRAMME
(FY 1967-71 - Some Targets)

(Million Baht)

	Actual 1965		Target 1971		Annual growth rate 1966-71
	GDP	Percent Distri- bution	GDP	Percent Distri- bution	
Agriculture	26,400.8	32.9	34,031.7	26.2	4.3
Mining and Quarrying	1,676.0	2.1	2,659.6	2.0	8.0
Manufacturing	9,684.3	12.1	17,799.8	13.7	10.8
Construction	3,839.1	4.8	7,577.7	5.8	12.0
Electricity & Water Supply	576.9	0.7	1,369.6	1.1	15.5
Transportation & Communica- tions	5,997.3	7.4	11,217.4	8.6	11.0
Wholesale & Retail Trade	14,928.7	18.6	23,689.9	18.2	8.0
Banking, In- surance Estate	2,934.6	3.7	7,527.7	5.8	17.0
Ownership of Dwellings	3,394.0	4.2	4,548.3	3.5	5.0
Public Adminis- tration & Defence	3,922.2	4.9	7,741.2	5.9	12.0
Services	6,938.5	8.9	11,960.4	9.2	9.5
Gross Domestic Product	80,292.2	100.0	130,123.3	100.0	8.5

Source: Economic Indicators of Thailand, 1968 - Board of Investment, Bangkok, Thailand.

Table 7

FINANCE OF DEVELOPMENT EXPENDITURE IN THE
FIRST AND SECOND PLANS

(Million Baht)

	Actual Expenditure		Planned Expenditure	
	1961-66	%	1967-71	%
<u>Domestic Sources</u>				
Revenue Surplus	8,540	30.3	10,000	17.40
Self-Finance by State & Local Government	4,540	16.0	6,345	11.04
Domestic Borrowings:				
Commercial Banks, Govt. Saving Bank and the Public	5,900	20.9	15,000	26.10
Bank of Thailand	3,100	11.0	4,000	6.96
Foreign Exchange Reserves	400	1.4	3,000	5.22
Treasury Balance	-1,500	-5.3	3,575	6.22
Sub-total	20,980	74.3	41,920	72.94
<u>Foreign Sources</u>				
Loans	4,840	17.2	10,600 ^{1/}	18.37
Grants	2,400	8.5	5,000	8.69
Sub- total	7,240	25.7	15,600	27.06
Grand Total	28,220	100.0	57,520	100.00
Shortfalls	-	-	-7,520	-13.00
Estimated Actual ^{2/} Development Expenditure	-	-	50,000	87.00

1/ Including Foreign exchange loans from the Bank of Thailand.

2/ It is assumed that the shortfalls of development expenditure will be 10 per cent for development budget expenditures, 20 per cent for foreign loans and grants, and 15 per cent for self-financed expenditures.

Source: Govt. of Thailand, National Eco. Development Plan, 1967-71, p.41

Table 8

IMPORTANT PLAN TARGETS

('000 tonnes)

Production	Actual Production 1965	Production Target 1971
<u>AGRICULTURE:</u>		
Rice	960	1,370
Maize	1,000	1,500
Rubber	215	250
Kenaf	370	500
Cassava	2,340	2,500
Soya Bean	33	50
Mung Bean	120	200
Groundnut	121	185
Cotton	16	45
Castor Bean	32	55
Tobacco	63	88
Fish	637	860
<u>MINING:</u>		
Tin concentrates	26	32
Lignite	125	420
Manganese	30	50
Flourite	52	60
Gypsum	11	50
<u>INDUSTRY:</u>		
Cement	1,300	2,800
Gunny Bags ('000 Nos.)	42,400	65,000
Car Assembly "	9	30
Tyres "	140	300
Paper	22	75
Chemical Fertiliser	-	250
Steel	100	400
Oil Refinery (Million barrel)	13.0	18.0

Source : Government of Thailand, The National Economic Development Plan 1967-71,
Pre-Final Edition, February, 1967.

Table 9

DISTRIBUTION OF GROSS DOMESTIC PRODUCT
BY INDUSTRY ORIGIN AT CURRENT PRICES

(Percentage)

Industry Origin	1960	1962	1964	1965	1966	1967
Agriculture	38.9	37.2	33.3	32.1	35.1	30.6
Mining & Quarrying	1.4	1.5	1.9	2.3	2.2	2.0
Manufacturing	10.5	11.4	11.8	12.3	12.0	13.1
Construction	3.6	4.2	5.2	5.3	5.4	5.7
Electricity and Water Supply	0.4	0.6	0.7	0.8	0.9	1.0
Transport and Communications	7.1	6.8	7.2	7.1	6.7	6.7
Wholesale and retail Trade	17.3	17.7	18.8	18.5	17.6	20.2
Banking, insurance and real estate	2.3	2.9	3.2	3.4	3.5	3.9
Ownership of dwellings	4.6	4.4	4.4	4.4	4.0	3.9
Public Administration and Defence	4.8	4.6	4.7	4.6	4.1	4.7
Services	9.1	8.7	8.7	9.0	8.5	8.7
	100.0	100.0	100.0	100.0	100.0	100.0
Gross domestic product at current prices (billion bahts).	55.8	65.3	73.8	81.3	96.8	105.5

(Contd..)

Table 9 (contd..)

(Percentage)

Industry Origin	1960	1962	1964	1965	1966	1967
Per capita income at current prices (Bahts)	2056.4	2251.0	2380.8	2538.5	2925.0	3088.3
Gross domestic product at 1962 prices (Billion Bahts)	59.4	65.3	76.0	82.7	91.9	96.1

Source : National Income Division, Office of the National
Economic Development Board (Bank of Thailand
Monthly Report, Nov. 1968, Tables 14, 15 and 16).

Table 10

PRODUCTION OF SELECTED MANUFACTURING INDUSTRIES

	Production Index (1956 Base)							
	1961	1962	1963	1964	1965	1966	1967	Jan.-Oct. 1968
Cement('000 tonnes)	800.3	967.5	997.2	1059.1	1248.0	1482.7	1735.9	1306.4
Cotton textile (Million sq. yards)	86.6	109.4	140.0	171.5	237.1	276.5	N.A.	N.A.
Gunny Bags (Million units)	8.8	10.8	23.1	33.5	40.4	46.8	54.7	44.7
Sugar ('000 tonnes)	50.0	151.3	125.0	168.0	320.0	269.2	232.4	-
Paper ('000 tonnes)	3.6	5.8	7.9	13.6	13.3	12.2	13.8	11.1
Tobacco ('000 tonnes)	99.7	10.5	10.1	10.4	10.1	111.1	12.4	12.2
Petroleum Products (Million litres)	-	-	-	470.8	1802.3	2110.2	2432.8	2377.1

Contd.....

Table 10 (Contd..)

	Production Index (1956=100)		
	1961	1966	1967
Cement ('000 tonnes)	201.27	372.91	436.57
Cotton textile (Million sq. yards)	-	-	-
Gunny Bags (Million units)	248.26	1195.93	1543.16
Sugar ('000 tonnes)	354.34	635.85	548.99
Paper ('000 tonnes)	132.76	448.06	503.91
Tobacco ('000 tonnes)	115.10	131.46	147.14
Petroleum products (Million litres)	-	-	-

SOURCES: (1) Bank of Thailand Monthly Report, Nov. 1968
(Page 69).

(2) The Investor, February 1969 (Page 216).

Table 11ANNUAL OPERATING CAPACITIES OF SELECTED PROMOTED INDUSTRIES AS IN 1967

Cement	1,777	'000 tonnes
Steel Making	144	"
Tin Smelting	30	"
Caustic Soda (100%)	8	"
Chemical Fertilizers	39	"
Paper	20	"
Paint	8	"
Vegetable Oil	49	"
Animal Feed	191	"
Sweet Condensed Milk	19	"
Electric Wire & Cable	6	"
Glass Sheet	360	"
Cold Storage	4	Tonne/ref.
Dry Cell Battery	86,000	'000 units
Wet Type Battery	90	"
Automobile and Truck Assembly	17	"
Motor Cycle	62	"
Textile (Synthetic)	7,400	yards
Textile (Cotton)	44,230	"
Textile (Silk)	502	"
Hotel (Bangkok)	2,784	Rooms
Hotel (Provincial Area)	877	"

Source : Economic Indicators of Thailand, 1968;
Board of Investment, Bangkok, Thailand.

Table 12FOREIGN TRADE OF THAILAND

(Million \$)

Period	Exports ' (F.O.B.) '	Imports ' (C.I.F.) '	Balance
1957	377.0	426.9	-49.9
1958	322.4	411.9	-89.5
1959	378.0	449.4	-71.4
1960	430.7	481.1	-50.4
1961	499.9	514.4	-14.5
1962	476.5	575.2	-98.7
1963	483.8	640.2	-156.4
1964	593.2	685.2	-92.0
1965	622.1	741.9	-119.8
1966	677.8	889.6	-211.8
1967	685.1	1,012.2	-327.0
1968 (Jan.-Sept.)	460.2	866.9	-406.7

Source: 1. Bank of Thailand Monthly Report, Vol. VII, No. 11, Nov. 1968 (Page 29).

2. Monthly Review, Dec., 1968, published by Bangkok Bank Ltd., Thailand (Page 408).

Table 13THAILAND'S BALANCE OF PAYMENTS

(Million \$)

Year	Goods ' and ' Services	Exports ' minus ' Imports ' c.i.f.	Non- ' monetary ' Gold	Central ' Govt. ' n.i.e.	Others
1	2	3	4	5	6
1958	- 79	- 79	- 1	9	- 8
1959	- 70	- 67	-	9	- 12
1960	-110	- 42	- 3	12	- 7
1961	2	- 7	- 6	16	- 1
1962	- 70	- 87	- 8	27	- 2
1963	-117	-143	- 7	28	5
1964	- 59	- 89	- 5	36	- 1
1965	- 54	-117	- 6	63	6
1966	- 18	-209	- 6	162	35
1967	- 52	-316	- 7	214	57
1968 (Jan.-June)	-104.3	-244.2	- 5.7	+118.7	26.9

Notes : (1) Column 2 is the algebraic addition
(Contd..)

Table 7 (Contd..)

(\$ Million)

Year	Transfers		Capital (n.i.e.)		Comm. Bank	Mone- tary	Net
	Pri- vate	Govt.	Pri- vate	Govt.	Net Posi- tion	Autho- rities	& ommi- ssions
1	7	8	9	10	11	12	13
1958	- 1	25	16	- 3	+ 4	15	22
1959	3	41	21	2	4	-11	11
1960	3	34	21	-5	7	-49	29
1961	5	21	36	5	4	-83	10
1962	5	39	72	-	7	-69	16
1963	7	48	77	1	7	-52	29
1964	6	31	68	11	15	-84	12
1965	7	31	54	13	-3	-80	32
1966	11	37	53	10	26	-180	61
1967	9	47	72	21	35	-96	-36
1968 (Jan.-June)	2.4	25.4	42.0	12.6	-33.7		55.5

Note : (1) Column 2 is the algebraic addition of columns 3 to 6.

(2) Total of columns 7 to 13 adds up to column 2, which shows how the deficit/surplus was financed.

SOURCES 1. International Financial Statistics, Sept. 1968 Jan., 1965 for the years 1958 to 1967.

2. Monthly Report, November, 1968, Bank of Thailand, p.55 for the period Jan.-June, 1969.

Table 14BALANCE OF PAYMENTS DURING THE FIRST AND
SECOND PLAN PERIODS

	First Plan Actual 1961-1966 Million Bahts		Second plan Project- ed 1967-1971 1/ Million Bahts	
<u>Merchandise:</u>				
Exports	67,365	3,368	84,015	4,039
Imports	85,363	4,268	116,424	5,597
Trade Balance	-17,998	- 899	-32,409	-1,558
<u>Services (net)</u>	7,092	354	18,159	873
Transfer Payments (net) :				
Private	806	40	925	44
Official	9,343	467	5,266	253
Current Account	- 757	- 37	-8,059	- 387
Capital Movements(net):				
Private	5,287	264	7,916	380
Official	3,398	169	5,268	253
Net Errors & Omissions	2,607	130	-	-
International Reserves Movements :	10,535	526	5,125	246

1/ Projected at 1965 constant prices.

SOURCE : "The Second National Economic and Social Development Plan (1967-1971)", National Economic Development Board, Bangkok, Thailand, pp. 48.

Table 15

1/
EXTERNAL PUBLIC DEBT AS ON DECEMBER 31, 1967

(ø Million)

	Borrower	Lender	Dec. 31, 1967	
			Disbursed amount	Undisbursed Balance Outstanding
1	2	3	4	5
Total (1 + 2)				
1. Direct Government Debt				
1.1 <u>Repayment in Foreign Currencies</u>				
1.101 Irrigation (1950-71) Project (I)	Govt.	IBRD	5.1	-
1.102 Kang Kara- chan Project	-do-	-do-	2.5	0.7
1.103 Ditches & Dikes Project	-do-	-do-	4.6	0.2
1.104 Railway Project - Kaeng Khol - Bua Yai	-do-	KFW West Germany Government	8.9	2.0
(Contd..)				

(Contd..)

(Contd..)

		Borrower	Lender	Dec. 31, 1967	
				Disbur- Undis-	
				sed Amount bursed	
				Out- Balance	
				standing	
1. 105	Nam Pong (1962-82) Project	Govt.	KfW West Germany Govt.	12.8	0.5
1. 106	Three Irrig. (1962-92) Project	Govt.	AID US Govt.	9.7	1.4
1. 107	Highway (1963-83) Project (First Stage)	-do-	IBRD	16.4	8.6
1. 108	Highway Project Bangkok Trade	-do-	EXIM Bank	2.1	-
1. 109	Maeklong Yai (1964-85) Irrigation Project	-do-	IBRD	12.0	10.0
1. 110	Highway Pro- (1965-90) ject - Saraburi - Lomsak	-do-	AID US Govt.	-	-
1. 111	Telecommuni- (1965-85) cation Pro- ject Zones 4 & 5	-do-	KfW West Germany Govt.	0.6	5.1
1. 112	Highway Pro- (1966-90) ject (2nd Stage).	-do-	IBRD	5.9	30.1

(Contd..)

(Contd..)

		Borrower	Lender	Dec. 31, 1967	
				Disbur- Undisbur-	
				sed Amount Out- sed Bal- nce	
				standing	
1.113	Vocational Education Development Project	Govt.	IBRD	-	6.0
1.114	Phasom Dam Project	Govt.	IBRD	-	26.0
1.115	Communication Satellite System Project	-do-	EXIM Bank	-	4.1
1.116	Oom Irrigation Project	-do-	AID US Govt.	-	3.5
1.117	Secondary Education Comprehensive School Project	-do-	EAO Canada Govt.	-	0.9
1.2	Repayment in Baht			28.7	-
1.21	AID (ICA) I	-do-	AID US Govt.	9.7	-
1.22	AID (ICA) II	-do-	-do-	8.8	-
1.23	Telecommunication	-do-	-do-	6.8	-
1.24	US PL 480 I	-do-	-do-	1.0	-
1.25	US PL 480 II	-do-	-do-	0.7	-
1.26	USPPL 480 (Yen)	-do-	-do-	1.8	-
2. Government Guaranteed Debt.				160.0	8.5
2.01	Railway Project II	State	IBRD	3.5	-
		Rly. of Thailand			

(Contd..)

(Contd..)

			Borrower	Lender	Dec. 31, 1967
					Disbursed Amount Outstanding
2.02	Port Project II	(1956-71)	Port Authority of Thailand	IBRD	1.2 -
2.03	Yanhee Electricity Project (1st Stage)	(1957-82)	Yanhee Elec. IBRD Authority	IBRD	56.3 -
2.04	Railway Project III	(1961-81)	State Rly. of Thailand	-do-	12.0 -
2.05	Yanhee Electricity Project (2nd Stage)	(1963-83)	Yanhee Elect. Authority	-do-	6.1 - 3/4
2.06	Industrial Loan	(1964-82)	Industrial Finance Corporation of Thailand	-do-	1.0 - 4/
2.07	Yanhee Electricity Project (3rd Stage)	(1965-85)	Yanhee Elect. Authority	-do-	5.8 0.2
2.08	Yanhee Electricity Project (4th Stage)	(1967-82)	-do-	-do-	- 5.0
2.09	Purchase of Dredger	(1959-74)	Port Authority of Thailand	DLF US Govt.	1.2 -
2.10	Improvement of Power Generating System	(1959-80)	Metropolitan Elect. Authority	DLF US Govt.	17.4 -

(Contd..)

(Contd..15)

		Borrower's Lender	Dec. 31, 1967	
			Disbur- sed Amount 'Out- 'standing'	'Undisbur- 'sed Balance
2.11	Purchase of 3 vessels (1951-68)	Thai Mari- time Navi- gation Co., Ltd. Yanhee Elect. Authority -do-	EXIM Bank 0.02	-
2.12	Steam Ele- ctric Plant I (1959-73)	-do-	6.9	-
2.13	Steam Electric Plant II (1962-75)	-do-	6.4	-
2.14	Industrial Loan (1963-83)	Industrial Finance Corp n. Germany of Thailand Govt. Chemical Fer- tilizer Co. Ltd.	1.7	0.9
2.15	Loan for Con- struction of Fertilizer Factory (1963-76)	-do-	8.7	1.1
2.16	Regional Power (1965-76) Generating System - Yanhee	Regional Elec. Authority.	3.1	0.1
2.17	Regional Power (1965-85) Generating System - Nam Pong	-do-	2.7	0.1
2.18	Installation of (1966-77) the 3rd Generator - Krabi Power Plant	Lignite Elect. Authority Creditans- talt Bank- verein	1.1	0.6

(Contd..)

(Contd..15)

				Dec. 31, 1967	
		Borrower	Lender	Disbursed Amount	Undisbursed Balance
2.19	Installation of 3rd Generator - Krabi Power Plant	(1966-77)	Lignite Elect. Authority	1.2	0.4
2.20	Preserved Food Organization	(1960-67)	Preserved Food Organization	-	-
2.21	Improvement of Bangkok-Thon Buri Water Supply I	(1961-69)	Dept. of De Gremment Public and Municipal Work	6.8	-
2.22	Improvement of Bangkok-Thon Buri Water Supply II	(1962-69)	-do-	8.5	-
2.23	Phitsanulok Weaving Factory	(1963-70)	Thai Textile Organization	1.6	-

(Contd.)

	Borrower	Lender	December 31, 1967		
2.24	Installation of the 1st and 2nd Generator - Krabi Power Plant	Lignite Elect. Authority	Elin-Union - Wagner Biro	6.7	

1/ Excluding debt for which availability of foreign exchange for repayment has been assured by the Government.

NOTE : Conversion rates used :

2/ Cancellation of the undisbursed amount of \$ 102,573

3/ Cancellation of the undisbursed amount of \$ 40,165 \$ = DM 4.0

4/ Cancellation of the undisbursed amount of \$ 1,455,384 \$ = Austria S.26.0

SOURCE: Comptroller-General's Department and Bank of Thailand.

Table 16

VALUE OF IMPORTS (C.I.F.) INTO THAILAND

(Million \$)

	1957	1961	1963	1965	1966	1967
I. CONSUMER GOODS						
A. Non-durable						
1. Food and Beverages	35.70	38.95	41.65	45.85	49.90	49.35
(a) Dairy Products	13.00	20.50	26.10	27.50	27.60	24.30
(b) Fish and Preparations	1.30	3.00	2.45	3.35	3.15	3.40
(c) Cereals & Preparations	4.95	4.65	4.55	4.35	6.60	6.50
(d) Fruits & Vegetables	1.85	2.35	2.45	2.65	2.85	3.20
(e) Coffee, Tea and Spices	4.05	5.20	3.45	4.55	5.60	4.85
(f) Others	4.55	3.25	2.65	3.45	4.10	7.10
2. Tobacco & Manufacturers	9.15	9.20	6.20	8.75	13.65	14.50
3. Toilet & Cleaning Articles	6.55	7.80	6.10	6.70	7.35	8.55
4. Clothing & Footwear	75.10	86.60	81.75	87.80	93.15	98.45
5. Medicinal and Pharmaceutical Products	13.65	17.60	16.35	20.50	23.30	27.35
Sub-Total	140.15	162.15	152.05	169.60	187.25	198.20

(Contd.)

Table 16 (Contd.)

	1957	1961	1963	1965	1966	1967
B. Durable						
6. Household goods	15.70	15.05	19.45	23.45	26.05	32.05
7. Electric Appliances	7.70	12.40	14.25	16.05	18.95	21.40
8. Wood & Cork Manufactures	0.95	0.40	0.55	0.70	1.35	1.00
9. Leather & Leather Manufacturers	0.65	0.30	0.25	0.35	0.45	0.60
10. Furniture	0.70	0.65	0.75	1.00	1.50	1.40
11. Jewellery including silver bars	0.95	0.70	1.05	1.10	1.50	1.65
12. Cycles, motor-cycles, carts, etc.	7.50	4.90	10.05	14.45	17.65	22.35
13. Small Arms	1.00	2.15	2.45	5.10	7.10	6.35
SUB-TOTAL :	35.15	36.55	48.80	62.20	74.55	86.80
Total Consumer Goods :	175.30	198.70	200.85	231.80	261.90	285.00

II. INTERMEDIATE PRODUCTS & RAW MATERIALS

A. Chiefly for Consumer Goods

1. Animal and Vegetable Crude Materials	2.75	3.35	2.75	4.35	4.20	5.25
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(Contd.)

Table 16 (Contd.)

	1957	1961	1963	1965	1966	1967
2. Wood, Lumber, Cork, Pulp, Waste Paper	0.05	0.35	0.35	1.65	1.55	2.50
3. Textile Fibres :						
(a) Synthetic	0.20	5.85	6.45	15.95	17.00	16.40
(b) Natural	-	0.25	0.75	1.35	2.10	2.45
4. Paper & Paperboard	0.20	5.60	5.70	14.60	14.90	13.95
5. Chemicals	11.60	15.25	16.70	18.70	24.90	26.80
	12.80	20.85	29.95	43.15	53.75	65.15
Sub-total :	27.40	45.65	56.20	83.80	101.40	116.10
B. Chiefly for Capital Goods						
6. Crude Minerals	1.35	1.40	2.40	3.10	4.25	5.00
7. Base Metals :	27.80	33.75	34.35	51.00	65.20	80.40
(a) Iron and Steel	23.35	27.75	26.20	38.15	49.70	60.15
(b) Others	4.45	6.00	8.15	12.85	15.50	20.25
Sub-total	29.15	35.15	36.75	54.10	69.45	85.40
Total Intermediate Pro- ducts and Raw Materials:	56.55	80.80	92.95	137.90	170.85	201.50

(Contd..)

Table 16 (Contd.)

	1957,	1961,	1963,	1965,	1966,	1967
III. CAPITAL GOODS						
1. Fertilizers & Pesticides	4.35	5.30	9.15	11.75	18.05	26.15
2. Cement	1.30	0.20	0.50	0.70	4.45	5.25
3. Construction materials	11.70	9.55	13.25	20.50	23.55	26.60
4. Tubes and Pipes	2.85	6.80	12.95	5.60	7.25	6.25
5. Glass and other mineral manufacturers	1.60	2.60	3.40	4.70	3.60	5.10
6. Rubber manufacturers	1.45	3.25	2.50	3.55	4.15	4.35
7. Metal manufacturers	14.85	18.15	29.80	36.80	35.95	37.10
8. Non-electrical machinery & parts	31.65	53.00	80.45	105.15	132.70	157.05
(a) - for agriculture use	0.60	0.95	1.13	1.30	1.70	1.70
(b) - for tractors	2.70	5.95	12.25	17.55	22.80	32.35
(c) - for industrial use	28.35	46.10	67.05	86.30	108.20	123.00
9. Electrical machinery and parts	12.20	14.15	34.35	29.40	31.15	40.95
10. Scientific and Optical instruments	5.50	5.75	8.65	11.55	13.05	17.30
11. Aircraft, ships	6.65	4.05	6.15	3.50	8.50	9.95
12. Locomotives and rolling stock	5.95	4.00	1.65	5.55	2.65	4.70
Total:	100.05	127.40	202.80	238.75	285.05	340.75

(Contd..)

Table 16 (Contd.)

	1957	1961	1963	1965	1966	1967
IV. OTHER IMPORTS						
1. <u>Vehicles & Parts</u>	<u>32.70</u>	<u>40.05</u>	<u>64.35</u>	<u>72.70</u>	<u>91.95</u>	<u>115.95</u>
(a) - passenger cars	5.40	5.80	13.05	16.05	19.70	27.75
(b) - buses and trucks	6.20	8.05	12.85	17.05	29.05	36.30
(c) - chassis & bodies	12.55	17.10	23.60	30.60	31.30	38.25
(d) - tyres	8.55	9.10	14.85	9.00	11.90	13.65
2. <u>Fuels and Lubricants</u>	<u>46.40</u>	<u>50.60</u>	<u>61.05</u>	<u>67.65</u>	<u>93.65</u>	<u>79.20</u>
(a) - coke, briquettes, etc.	0.40	0.15	0.15	0.25	0.30	0.35
(b) - crude oil	-	-	0.95	21.35	36.25	35.95
(c) - gasoline	17.65	17.25	16.10	4.70	4.30	4.35
(d) - kerosene	3.85	6.20	8.45	1.55	1.75	1.55
(e) - diesel oil & special fuels	16.00	18.35	24.50	28.50	37.60	21.70
(f) - lubricants, asphalt, etc.	8.50	8.65	10.90	11.30	13.45	15.30
3. Miscellaneous	10.55	10.45	10.85	17.00	15.55	22.95
4. Gold Bullion	5.30	6.35	7.40	6.90	6.25	7.35
Total :	94.95	107.45	143.65	164.25	207.40	225.45
V. GRAND TOTAL :	426.85	514.35	640.25	772.70	925.20	1052.70
Adjustment for Balance of Payments:	-8.50	-11.25	-12.75	-17.10	-16.60	-18.55
Merchandise Imports, c.i.f.	418.35	503.10	627.50	755.60	908.60	1034.15

Note: Excluding Military Goods.

Source: Bank of Thailand Monthly Report, Vol. VIII, No. 11, Nov. 1968, pp. 52 & 53.

Table 17TRADE INDICES AND TERMS OF TRADE1958 = 100

Period	Exports			Imports			Terms of Trade
	Quantity	Unit Value	Value	Quantity	Unit Value	Value	
1956	109.3	98.2	107.3	93.7	100.7	94.3	97.5
1957	119.8	97.5	116.8	100.3	103.3	103.6	94.4
1958	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1959	110.9	105.9	117.3	110.5	98.7	109.1	107.2
1960	122.6	109.1	133.7	116.3	100.4	116.8	108.7
1961	146.3	106.1	155.2	122.8	101.7	124.9	104.3
1962	141.8	104.3	147.9	146.2	95.5	139.7	109.2
1963	146.3	102.6	150.1	164.5	94.5	155.4	108.6
1964	185.1	103.4	191.4	182.8	94.6	173.0	109.3
1965	191.6	104.8	200.7	196.9	95.2	187.4	110.1
1966	202.7	107.9	218.7	241.2	93.1	224.6	115.9
1967	205.42	107.0	219.8	262.8	92.6	243.4	115.5

NOTE : Excluding Military Supply.

Source: Monthly Report, Bank of Thailand, Vol. VIII,
No. 11, Nov., 1968.

Table 18

TRADE WITH INDIA

(Million Bahts)

Year	Exports to India	Imports from India	Total Imports	Percentage of Imports from India to total
1	2	3	4	5
1955	23.3	166.0	-	-
1956	31.8	120.0	-	-
1957	23.6	169.1	8,537	1.98
1958	9.6	109.1	8,238	1.32
1959	12.2	125.4	8,987	1.4
1960	16.2	119.1	9,625	1.23
1961	69.3	154.5	10,287	1.5
1962	36.1	169.7	11,504	1.5
1963	27.4	62.2	12,802	0.485
1964	104.9	135.1	14,254	0.94
1965	882.8	115.6	15,433	0.75
1966	1,407.7	87.3	18,504	0.465
1967	737.8	322.3	21,054	1.5
1968 1/	14.0	85.7	7,664	1.12
(Upto April)				

1/ Bangkok Port Only.

SOURCE: Department of Customs.

Figures in columns 2 and 3 are taken from the table supplied by US AID. (Figures in col.4 are adapted from Monthly Report of the Bank of Thailand, November, 1968. p.53.).

Table 19

COMMODITYWISE IMPORTS OF THAILAND

		<u>c.i.f. value</u> (Million Baht)		
Commodity Group	Description	1965		
		'Total Imports'	'Imports' from 'India'	%
031	Fish - fresh or simply preserved	23.46	1.19	5.07
032	Fish and fish preparations, canned or not	43.62	0.02	0.05
051	Fruits & nuts - fresh	1.67	0.56	33.53
054	Vegetables fresh & dry, roots & tubers, not including artificially dehydrated	14.93	2.22	14.87
071	Coffee	49.82	-	-
074	Tea and mate	29.31	0.19	0.65
075	Spices	5.81	1.03	17.73
Total of Division ('0'		890.82	5.53	0.62
263	Cotton	291.58	0.01	Neg.
272	Crude Minerals, excluding coal, petroleum, fertilizer materials & precious stones	61.82	2.35	3.80
291	Crude animal materials, inedible n.e.s.	1.88	0.06	3.19
292	Crude vegetable materials, inedible, n.e.s.	42.18	1.04	2.47
Total of Division 2:		477.36	3.50	0.73

(Contd..)

Table 19 (Contd.)

		<u>C.i.f.value</u> (Million Baht)		
Commodity Group	Description	1965		
		Total 'Imports'	'Imports' from	%
		'India'		
311	Coal, Coke & Briquettes	5.24	0.002	0.04
313	Petroleum products	931.63	-	-
Total of Division 3 :		1364.44	0.002	Neg.
412	Vegetable Oils	10.04	0.09	0.90
413	Oils & fats processed & waxes of animal or vegetable origin.	9.41	0.09	0.36
Total of Division 4 :		32.78	0.18	0.55
531	Coaltar dyestuffs & natural indigo	61.28	0.35	0.57
533	Pigments, Paints, Varnishes & related materials	143.54	0.69	0.48
541	Medicinal & Pharmaceutical Products	410.26	2.04	0.50
551	Essential oils, perfume & flavour materials	45.15	1.00	2.21
Total of Division 5 :		1674.01	8.95	0.53
611	Leather	4.09	0.16	3.91
641	Paper & Paperboard	289.96	0.73	0.25
642	Articles made of pulp, of paper & of paperboard	84.32	0.06	0.07
651	Textile yarn & thread	281.52	0.52	0.18

(Contd.)

Table 19 (Contd.)

Commo- dity Group	Description	1965		
		Total Imports	Imports from India	%
653	Textile fabrics of standard type, other than cotton fabrics.	586.61	2.83	0.48
655	Special textile fabrics & related products.	185.05	2.06	1.11
656	Made-up articles wholly or chiefly of textile materials, n.e.s.	59.20	5.88	9.93
657	Floor coverings and tapestries	15.50	0.44	0.28
664	Glass	52.68	0.45	0.85
665	Glassware	35.51	0.04	0.11
671	Silver & Platinum group metals.	5.80	0.17	2.93
672	Precious & semi-precious stones & pearls	6.26	0.23	3.67
673	Jewellery & goldsmith's & silversmith's wares	9.62	1.22	12.68
681	Iron & steel	1160.13	44.33	3.82
684	Aluminium	79.53	0.04	0.05
699	Manufacture of metals, n.e.s.	783.82	10.35	1.32
Total of Division 6 :		5016.20	74.48	1.48
711	Power generating machinery	380.78	1.79	0.47
714	Office machinery	54.81	0.42	0.77
715	Metal working machinery	63.28	0.49	0.77
716	Mining, construction & other industrial machinery	1264.79	4.50	0.36

(Contd..)

Table 19 (Contd..)

Commodity Group	Description	1965		
		'Total Imports'	'Imports from India'	%
721	Electric machinery, apparatus & appliances	697.68	3.47	0.39
731	Railway vehicles	111.56	-	-
732	Road motor vehicles	1595.93	0.55	0.03
733	Road vehicles other than motor vehicles	75.65	0.50	0.66
Total of Division 7 :		4929.15	11.72	0.24
812	Sanitary, plumbing, heating and lighting fixtures & fittings	53.50	0.09	0.17
841	Clothing except for clothing	102.55	1.78	1.74
851	Footwear	10.31	0.13	1.26
861	Scientific, medical, optical, measuring & controlling instruments & apparatus.	137.98	0.09	0.07
863	Exposed cinematographic films whether developed or not	21.37	1.48	6.93
Total of Division 8 :		922.67	4.74	0.51
TOTAL IMPORTS		16185.33	109.92	0.68

N.B. : Figures in this table do not tally with those in Table 16, as the sources are different.
 SOURCE: 1. Annual Statement of Foreign Trade of Thailand (Deptt. of Customs).

B.E. 2508 for the year, 1965, Vol. I.
 B.E. 2508 for the year, 1965, Vol. II.
 (p. 327)

B.E. 2509 for the year, 1966,
 B.E. 2510 for the year, 1967. (Contd..)

Table 19 (Contd.)

Commo- dity Group	Description	1966		
		Total 'Imports'	'Imports' from 'India'	%
031	Fish - fresh or simply preserved	22.88	2.56	11.19
032	Fish & fish preparations, canned or not	39.94	0.01	0.05
051	Fruits & nuts - fresh	1.93	0.78	40.41
054	Vegetables fresh & dry, roots and tubers, not including artificially dehydrated	19.88	1.98	9.96
071	Coffee	67.23	0.05	0.07
074	Tea & mate	30.96	0.09	0.29
075	Spices	5.70	0.93	16.32
Total of Division '0'		2172.69	6.90	0.32
263	Cotton	297.43	0.01	Neg.
272	Crude Minerals, excluding coal, petroleum, fertiliser materials & precious stones.	84.63	1.07	1.26
291	Crude animal materials, inedible, n.e.s.	2.07	0.01	0.48
292	Crude vegetable materials, inedible, n.e.s.	44.43	0.89	2.00
Total of Division 2:		520.72	2.01	0.39

(Contd..)

Table 19 (Contd.)

Commo- dity Group	Description	1966		
		Total	Imports	%
		Imports	from India	
311	Coal, coke and Briquettes	5.77	-	-
313	Petroleum products	1570.42	0.59	0.04
Total of Division 3:		2302.86	0.59	0.07
412	Vegetable Oils	3.60	0.08	2.22
413	Oils & fats processed & waxes of animal or vegetable origin	10.35	Neg.	-
Total of Division 4 :		26.29	0.08	0.30
531	Coaltar dyestuffs & natural indigo.	68.53	0.50	0.73
533	Pigments, Paints, Varnishes and related materials	122.48	0.82	0.42
541	Medicinal & Pharmaceutical Products	466.98	1.82	0.39
551	Essential oils, perfume & flavour materials	55.33	1.05	1.90
Total of Division 5:		3443.74	8.43	0.24
611	Leather	4.86	0.14	2.88
641	Paper & Paperboard	402.07	1.28	0.32
642	Articles made of pulp, of paper & of paperboard	164.49	0.11	0.07

(Contd..)

Table 19 (Contd.)

Commodity Group	Description	1966		
		Total 'Imports' 'Imports' from 'India'	'Imports' from 'India'	%
651	Textile yarn & thread	253.94	0.26	0.10
653	Textile fabrics of standard type, other than cotton fabrics	723.61	3.24	0.45
655	Special textile fabrics & related products.	171.73	0.83	0.48
656	Made-up articles wholly or chiefly of textile materials, n.e.s.	66.35	0.89	1.34
657	Floor coverings & tape- stries	30.25	0.98	3.24
664	Glass	32.88	0.38	1.18
665	Glassware	82.35	0.05	0.05
671	Silver & platinum group metals	4.85	0.13	2.68
672	Precious & semi-precious stones & pearls	10.92	0.12	1.10
673	Jewellery & goldsmiths' & silversmiths' wares	14.42	2.25	15.60
681	Iron & Steel	1474.65	34.59	2.35
684	Aluminium	104.47	0.04	0.04
699	Manufacture of metals, n.e.s.	1013.66	6.64	0.66
Total of Division 6 :		6313.34	61.25	0.97
711	Power generating machinery	478.48	1.29	0.27
714	Office machinery	70.52	0.44	0.62
715	Metal working machinery	99.94	0.23	0.23

(Contd.)

Table 19 (Contd.)

Commo- di ty Group	Description	1966		
		Total	'Imports' 'Imports' from 'India'	%
716	Mining, construction & other industrial machinery	1668.98	2.13	0.13
721	Electric machinery, apparatus & appliances	1028.81	1.40	0.14
731	Railway vehicles	100.43	-	-
732	Road motor vehicles	2502.98	00.20	Neg.
733	Road vehicles other than motor vehicles	89.10	00.59	0.66
Total of Division 7 :		6909.94	6.28	00.09
812	Sanitary, plumbing, heating & lighting figures & fittings.	83.53	0.10	0.12
841	Clothing except for clothing	116.83	1.01	0.86
851	Footwear	12.00	0.13	11.08
861	Scientific, medical, optical, measuring & controlling instruments and apparatus	159.35	0.35	0.22
863	Exposed cinematographic films whether developed or not	26.95	1.94	7.20
Total of Division 8 :		2116.18	5.02	0.24
TOTAL IMPORTS :		25347.00	91.68	0.36

(Contd..)

Table 19 (Contd..)

Commodity Group	Description	1967		
		Total	Imports from	%
		Imports	India	
031	Fish - fresh or simply preserved	24.89	2.19	8.80
032	Fish & fish preparations, canned or not	40.37	0.005	0.10
051	Fruits & nuts - fresh	4.46	0.93	20.85
054	Vegetables fresh & dry, roots & tubers, not including artificially dehydrated	20.98	0.35	1.67
071	Coffee	51.06	0.10	0.20
074	Tea and mate	32.07	0.03	0.09
075	Spices	5.58	1.30	23.30
Total of Divion '0'		1034.62	5.39	0.52
263	Cotton	277.59	0.03	0.01
272	Crude Minerals, excluding coal, petroleum, fertilizer materials & precious stones	132.46	2.13	1.61
291	Crude animal materials, inedible, n.e.s.	1.67	0.003	0.18
292	Crude vegetable materials, inedible, n.e.s.	62.20	0.64	1.03
Total of Division 2 :		623.94	2.80	0.45

(Contd..)

Table 19 (Contd..)

Commo- dity Group	Description	1967		
		Total	'Imports' 'Imports' from	%
			'India'	
311	Coal, Coke & Briquettes	7.86	0.05	0.64
313	Petroleum products	854.51	91.74	10.74
Total of Division 3 :		1588.49	91.79	5.78
412	Vegetable Oils	8.40	0.01	0.12
413	Oils & fats processed & waxes of animal or vege- table origin.	11.72	0.06	0.51
Total of Division 4 :		37.20	0.07	0.19
531	Coaltar dyestuffs & natu- ral indigo	104.09	0.83	0.80
533	Pigments, Paints, Varnishes & related materials	204.54	0.52	0.25
541	Medicinal & Pharmaceutical Products	548.49	1.91	0.35
551	Essential oils, perfume & flavour materials	66.76	0.65	0.97
Total of Division 5 :		2629.53	10.35	0.39
611	Leather	4.91	0.10	2.04
641	Paper & Paperboard	442.49	0.56	0.13
642	Articles made of pulp, of paper & of paperboard	97.16	0.15	0.15

(Contd..)

Table 19 (Contd..)

Commo- di ty Group	Description	1967		
		Total 'Imports	'Imports' from 'India'	%
651	Textile yarn & thread	284.30	0.36	0.13
653	Textile fabrics of standard type, other than cotton fabrics.	820.74	2.25	0.27
655	Special textile fabrics & related products	203.87	0.67	0.33
656	Made-up articles wholly or chiefly of textile materials, n.e.s.	66.90	0.90	1.35
657	Floor coverings & tape- steries	27.18	1.44	5.30
664	Glass	31.75	0.45	1.42
665	Glassware	48.61	0.09	0.19
671	Silver & Platinum group metals	1.82	0.11	6.04
672	Precious & semi-precious stones & pearls.	15.60	0.35	2.24
673	Jewellery & goldsmiths' & silversmiths' wares	17.51	3.55	20.27
681	Iron & Steel	1786.04	159.36	8.92
684	Aluminium	129.20	0.45	0.35
699	Manufacture of metals, n.e.s	882.31	15.84	1.80
Total of Division 6 :		6392.71	200.37	3.13
711	Power generating machinery	646.01	1.92	0.30
714	Office Machinery	102.62	0.47	0.46
715	Metal working machinery	157.53	1.59	1.01
716	Mining, construction & other industrial machinery	1968.34	2.11	0.11
721	Electric machinery, appa- ratus & appliances	1312.18	1.87	0.14

' Contd....'

Table 19 (Contd..)

Commo- di ty Group	Description	1967		
		Total 'Imports'	'Imports' from	% India
731	Railway vehicles	94.33	0.20	0.21
732	Road motor vehicles	2446.35	0.65	0.03
733	Road vehicles other than motor vehicles.	116.65	2.58	2.21
Total of Division 7 :		7727.85	11.40	0.15
812	Sanitary, plumbing, heating & lighting fixtures & fittings.	86.28	0.18	0.21
841	Clothing except for clothing	159.56	1.30	0.81
851	Footwear	17.54	0.06	0.34
861	Scientific, medical, optical, measuring & controlling instruments & apparatus	219.93	1.09	0.50
863	Exposed cinematographic films whether developed or not	37.12	3.50	9.43
Total of Division 8 :		1216.78	7.64	0.63
TOTAL IMPORTS		22187.70	230.9	1.49

N.B. : Figures in this table do not tally with those in Table 16, as the sources are different.

SOURCE : 1. Annual Statement of Foreign Trade of Thailand (Deptt. of Customs),

B.E. 2508 for the year, 1965, Vol. I
 B.E. 2508 for the year, 1965, Vol. II (p.327)
 B.E. 2509 for the year, 1966,
 B.E. 2510 for the year, 1967.

Table 20INDIA'S EXPORTS TO THAILAND

(Rupees Thousand)

Code' No.'	Commodities	'Jan. - 'Dec. 1967	'Jan.-Dec. 1968
0741	Tea	13.8	18.1
075	Spices	13.0	12.7
6513	Cotton Yarn and Thread	50.9	116.0
6514			
658	Cotton Fabrics	1542.4	2201.3
535 & 536	Fabrics Woven of synthetic and regenerated fibres	56.7	443.8
841	Clothing	189.4	359.6
659	Jute Manufactures	337.4	657.0
513	Basic Chemicals	144.8	501.5
534	Synthetic Organic Dye-stuff and natural indigo	89.0	168.2
541	Medicinal and pharmaceutical products	745.5	534.6
Iron & Steel(i to iv)			
6725 i)	Blooms, billets, slabs, etc.	-	1291.2
6911 ii)	Structurals	49.1	464.7
678 iii)	Pipes and tubes	180.3	55.1
6732 iv)	Bars and rods	37317.4	22632.1
715	Metal Working Machines	397.0	1184.4
7115	Diesel engines	347.1	426.9
695	Handtools, Small tools	167.8	490.7
72	Electrical Machinery, Apparatus and Appliances (i to iv)		
7231 i)	Electric cables	15.7	-
72213 ii)	Transformers	11.8	978.7
7222 iii)	Switchgear	60.1	293.0
6842111 iv)	Aluminium Conductors	43.5	-
725 v)	Dom. Elec. Equipment	27.2	54.4

(Contd..)

Table 20 (Contd.)

Code No.	Commodities	'Jan.- 'Dec. 1967	'Jan.- Dec. 1968
<u>Industrial Machinery (i to iii)</u>			
7171	i) Textile	255.1	111.6
7181	ii) Paper	-	-
7183904 & 7183905	iii) Sugar	-	-
7331	Cycles and other cycles, not motorized and parts	805.8	560.5
6291	Rubber tyres and tubes	2927.1	1145.5
6841001	Aluminium ingots	-	34.8
332	Petroleum products	19666.7	8171.5
India's Total Exports to Thailand		81286.9	78798.5

Table 21IMPORTS OF SELECTED COMMODITIES IN THAILAND

(1967)

(Million Baht)

Commodities	Total 'Imports'	Per cent 'Imports'	Imports 'from 'India	Per 'cent
Tea	32	0.14	0.03	0.01
Spices	6	0.03	1.3	0.39
Textile yarn fabrics, made up articles, related products & clothing except fur clothing.	2,034	9.17	8.5	2.57
Road vehicles other than motor vehicles (bicycles & parts)	117	0.53	2.6	0.78
Iron and Steel	1,786	8.05	159.4	48.16
Metal working machinery (machine tools)	157	0.71	1.6	0.48
Rubber manufactured articles (Rubber tyres and tubes)	320	1.44	10.5	3.18
Electric machinery, apparatus & appliances (motors transformers cables, switches, etc.)	1,312	5.91	1.9	0.56
Power generating machinery (Diesel engines)	646	2.91	1.9	0.58
Petroleum products	855	3.85	91.7	27.72
Fans & sewing machines and parts	68	0.31	0.2	0.07
In-organic chemicals	228	1.03	0.7	0.22
Total of above : 12 items :	7,561	34.68	280.3	84.70
GRAND TOTAL	22,188	100.00	330.9	100.0

Source : Annual Statement of Foreign Trade of Thailand
(Deptt. of Customs) B.E. 2510 (1967)

Table 22IMPORTS OF TEA DUST AND TEA
LEAVES FROM MAJOR COUNTRIES(Quantity kgs.)
Value '000 Baht)

Country	1965		1966	
	Quantity	Value	Quantity	Value
<u>TEA DUST</u>				
India	5,307	129	5,884	94
Ceylon	35,246	809	50,354	1,167
Malaysia	23,265	452	22,642	378
Indonesia	594,796	849	552,887	8,036
Japan	56,971	675	11,170	168
Taiwan	10,078	210	7,059	157
Mozambique	-	-	22,531	376
Total Imports	813,729	12,146	738,727	11,546

TEA LEAVES

India	1,696	59	-	-
Ceylon	10,501	405	15,963	604
Malaysia	3,530	93	900	27
Taiwan	738,199	16,329	852,662	18,576
Total Imports	764,271	17,161	872,901	19,415

(Contd..)

Table 22 (Contd.)

Country	1967		1968 (Jan. to April)	
	Quantity	Value	Quantity	Value
<u>TEA DUST</u>				
India	584	17	-	-
Ceylon	35,973	841	3,925	84
Malaysia	10,351	233	2,896	66
Indonesia	725,427	9,545	134,638	1,737
Japan	1,032	18	15,274	215
Taiwan	17,472	387	-	-
Mozambique	24,948	374	-	-
Total Imports	852,409	11,971	171,555	2,364
<u>TEA LEAVES</u>				
India	432	12	432	13
Ceylon	7,098	268	6,634	183
Malaysia	8,703	195	-	-
Taiwan	875,282	19,044	290,788	7,232
Total Imports	913,148	20,097	299,162	7,537

Table 23

IMPORTS OF SPICES INTO THAILAND BY MAJOR ITEMS

Qty. kgs.
Value = '000 Baht

Commodities	1965				
	TOTAL		FROM INDIA		India's
					Share
	Qty.	Value	Qty.	Value	Value P.C.
Nutmeg	18,128	369	932	9	2.4
Cinnamon	39,934	557	3,230	40	7.2
Saffron	3,690	71	3,167	52	73.2
Cloves	73,842	1,273	1,543	34	2.7
Mace	9,999	300	1,202	36	12.0
Seed of anise	57,262	526	1,496	15	2.8
Badian	8,100	70	6,682	55	78.6
Fennel	24,781	228	23,510	214	43.9
Coriander	104,184	1,278	-	-	-
Cumin	36,386	396	36,151	394	99.5
Total Imports		5,890		1,033	17.5

(Contd..)

Table 23

Commodities	1966				
	TOTAL		FROM INDIA		India's
	Qty.	Value	Qty.	Value	Share
					Value P.C.
Nutmeg	20,863	359	1,051	21	5.9
Cinnamon	55,827	737	1,447	17	2.3
Saffron	1,168	28	1,165	14	50.0
Cloves	50,826	913	2,559	39	4.3
Mace	10,369	290	134	4	1.4
Seed of anise	62,525	826	678	7	0.9
Badian	7,880	90	6,300	72	80.0
Fennel	18,480	176	16,926	160	90.9
Coriander	100,266	1,001			
Cumin	43,663	441	38,118	385	87.3
Total Imports		5,520		921	16.7

(Contd..)

Table 23 (Contd..)

	1967				
	TOTAL		FROM INDIA		India's
	Quantity	Value	Quantity	Value	Share Value P.C.
Netmag	24,579	495	4,050	81	16.36
Cinnamon	47,035	634	2,573	32	5.05
Saffron	1,343	57	1,251	34	59.65
Cloves	62,168	945	4,231	91	9.63
Mace	11,514	300	2,616	55	18.33
Seed of anise	74,411	741	12,055	121	16.33
Badian	4,236	50	3,566	42	84.00
Fennel	29,889	94	29,504	289	98.30
Coriander	59,664	696	955	10	1.44
Cumin	50,376	549	27,929	307	55.92
Total Imports		5,372		1,299	24.18

Table 24IMPORTS OF SPICES INTO THAILAND FROM MAJOR COUNTRIES

Country	Qty. kgs.		Value Baht			
	1965		1966		1967	
	Quantity	Value	Quantity	Value	Quantity	Value
<u>Nutmegs</u>						
India	932	8,640	1,051	21,024	4,050	81,216
B.N. Borneo	874	13,398	93	1,860	-	-
Malyasia	1,231	24,620	890	18,880	167	3,340
Indonesia	14,998	311,505	18,620	308,944	18,126	358,637
Total Imports	18,128	369,157	20,863	358,937	24,579	494,829
<u>Cinnamon</u>						
India	3,230	40,382	1,447	17,047	2,573	32,391
Borneo	3,495	45,435	660	6,580	-	-
Indonesia	31,686	447,437	46,699	610,283	35,646	474,193
Japan	840	10,920	1,890	24,344	2,417	32,507
S. Korea	600	6,800	4,590	59,670	4,212	54,717
U.S.	55	3,584	90	11,252	95	12,965
Total Imports	39,934	557,095	55,827	737,220	47,035	634,250
<u>Cloves</u>						
India	1,543	34,369	2,539	39,486	4,231	90,550
Singapore	10,160	168,673	317	5,314	2,000	32,025
Indonesia	2,346	49,206	6,683	164,595	43,575	606,025
S. Africa	50,739	844,003	39,631	662,094	10,165	169,356
NES						
Total Imports	73,842	1273,042	50,826	912,981	62,168	945,153

Table 24 (Contd.)

Country	1965		1966		1967	
	Quantity	Value	Quantity	Value	Quantity	Value
<u>Anise</u>						
India	1,496	15,123	678	6,896	12,055	120,552
Hongkong	1,232	8,070	2,210	22,100	-	-
Japan	32,720	321,893	49,411	494,669	33,939	335,891
S. Korea	21,810	180,365	12,040	120,400		
Indonesia	-	-	17,629	176,293	27,492	274,955
Total Imports	57,262	525,754	82,525	826,465	74,411	741,282
<u>Fennel</u>						
India	23,510	214,160	16,926	160,152	29,504	289,402
Japan	320	3,200	175	1,750	-	-
S. Korea	700	8,800	500	4,999	-	-
Total Imports	24,781	228,087	18,480	175,873	29,889	294,126
<u>Cuminseeds</u>						
India	36,151	394,394	38,118	385,120	27,929	306,593
Hongkong	12	421	515	5,665	27,929	306,593
Japan	100	364	130	1,430	-	-
Indonesia	-	-	-	-	5,619	61,377
Total Imports	36,383	396,235	43,663	441,215	50,376	548,869

Table 25

IMPORTS OF TEXTILES INTO THAILAND

(Million Baht)

Items	1965		1966		1967	
	Total	Im-	Total	Im-	Total	Im-
	Im-	ports	Im-	ports	Im-	ports
	ports	from	ports	from	ports	from
		'India'		'India'		'India'
Blankets, Cotton	17	0.86	25	0.72	22	0.66
Bed-linen of textile materials	7	0.04	9	0.11	11	0.13
Towels of textile materials	13	0.06	13	0.04	13	0.10
Other carpets, carpeting rugs, mats and matting of other textile fibres	4	0.06	11	0.24	10	0.19
Floor coverings prepared on a base of paper or paper board whether or not cut to size, with or without a coating of len-oleum compound	7	0.36	11	0.67	13	1.13
Cotton yarn, bleached, not put up for retail sale	-	-	-	-	2	0.21
Cotton fabrics, other than grey, n.e.s.	103	0.28	92	0.77	109	0.83
Woven fabric of jute	2	2	3	1.73	2	1.28
Woven fabrics of man-made fibres, continuous including woven fabrics of monofil or strip	515	0.53	583	1.45	641	0.93
Tulle and other net fabrics, plain of cotton	2	0.03	1	0.19	1	0.24
Braids and trimmings of all fibres	1	0.09	1	0.13	2	0.27
Cotton wool, not sterile	1	0.39	3	0.54	3.25	0.39
Total Imports	1163	10.18	1108	7.46	1197	6.89

Table 26IMPORTS OF BICYCLES AND BICYCLE
PARTSQty. '000 Units
Value '000 Baht

	Total Thailand			Imports from		
	Bicycles			India		
	Bicycle			Bicycles		
	Units	Value	parts	Units	Value	parts
			Value			
1965	44	29,296	40,667	0.1	42.2	440
1966	34	22,210	53,829	0.3	147.0	446
1967	39	34,162	73,266	Neg.	2.7	2,575

Table 27

IMPORTS OF BICYCLES AND BICYCLE PARTS
FROM MAJOR COUNTRIES

Value : '000 Baht

Country	1965		1966		1967	
	Quantity	Value	Quantity	Value	Quantity	Value
<u>Bicycles including</u>						
<u>Tandem bicycles</u>						
<u>(Units)</u>						
India	125	42	295	147	6	2.7
Japan	14,836	8,646	10,915	4,579	8,665	5,175
U.K.	26,804	19,835	19,042	14,405	28,480	28,513
Total Imports	43,684	29,298	34,054	22,210	38,503	34,162
<u>Parts of bicycles</u>						
<u>and of other cycles,</u>						
<u>not motorized</u>						
India	1,440			446		2,575
Japan	27,649			39,335		49,831
Taiwan	4,710			6,030		10,894
West Germany	3,698			3,109		4,042
Italy	848			1,223		1,108
U.K.	2,044			2,152		1,970
Total Imports	40,668			53,829		73,267

Table 28MAJOR CATEGORYWISE IMPORTS OF IRON AND STEEL

Qty. : '000 kg.
Value : '000 Baht

	1965					
	Total		India		Per	
					cent	
	Qty.,	Value	Qty.,	Value	Value	
Concrete reinforce- ment rounds, including tube rounds and squares	135,264	296,328	21,530	42,442	14.32	
Joists, girders, bars and rods	21,424	53,119	440	1,131	2.13	
Angles and sections	14,126	36,214				
Shapes of iron or steel	10,972	27,542	65	126	0.60	
Bars and Rods, of alloy steel and high carbon steel	2,297	9,403	57	147	1.56	
Sheets and plates	117,444	348,049				
Total Imports	303,307	777,522		43,886	5.64	

(Contd...)

Table 28 (Contd.)

Qty. : '000 kg.
Value : '000 Baht

	1966					
	Total		India		Per cent	
					Value	
	Quantity	Value	Quantity	Value		
Concrete re- inforcement rounds, including tube rounds and squares	155,029	317,946	16,355	32,568	10.24	
Joists, girders, bars and rods	33,889	84,495	182	457	0.54	
Angles and sections	17,474	43,373	71	241	0.56	
Shapes of iron or steel	17,994	43,072	303	624	1.45	
Bars and Rods, of alloy steel and high carbon steel	2,891	14,151	41	106	0.75	
Sheets and plates	156,685	446,799				
Total Imports	387,104	960,539		33,996	3.54	

(Contd..)

Table 28 (Contd.)

Qty. : '000 kg.
Value: '000 Baht

	1967				
	Total		India		Per
	Quantity	Value	Quantity	Value	cent Value
Concrete re- inforcement rounds, in- cluding tube rounds and squares	189,024	398,292	64,287	125,035	31.39
Joists, girders bars and rods	48,521	114,735	4,150	10,227	8.91
Angles and sections	20,691	50,131	3,703	7,792	15.54
Shapes of iron or steel	25,471	62,907	6,569	13,053	20.75
Bars and Rods, of alloy steel and high carbon steel	3,535	15,308	375	972	6.35
Sheets and plates	203,888	585,875	233	466	0.08
Total Imports	496,950	1244,056		154,545	12.66

Table 29

IMPORTS OF CONCRETE REINFORCEMENT ROUNDS,
INCLUDING TUBE ROUNDS AND SQUARES IRON OR
STEEL FROM MAJOR COUNTRIES

	Quantity : '000 kgs.		Value : '000 Baht			
	1965		1966		1967	
	Qty.	Value	Qty.	Value	Qty.	Value
India	21,530	42,441	16,356	32,568	64,287	125,034
Hong Kong	37,256	83,238	28,323	59,892	36,524	78,659
Japan	57,312	126,024	96,429	195,926	52,867	114,465
S. Korea	1,266	3,074	325	678	-	-
Taiwan	5,693	12,669	6,891	1,389	17,136	34,841
Belgium	4,427	9,819	715	2,059	2,160	5,392
France	1,359	3,066	803	1,657	8,176	18,579
W. Germany	2,674	6,461	421	960	2,951	6,298
Luxemburg	245	551	111	224	971	2,200
Sweden	8	122	Neg.	2	221	5,036
U.K.	2,248	5,897	1,283	3,271	2,329	4,703
Total Imports	135,264	296,328	155,029	317,946	189,024	398,291

Table 30

IMPORTS OF JOISTS, GIRDERS, BARS AND
BOLDS FROM MAJOR COUNTRIES

Qty. = '000 kg.
 Value = '000 Baht

	1965		1966		1967	
	Qty.	Value	Qty.	Value	Qty.	Value
India	440	1,131	182	457	4,150	10,227
Hong Kong	7,509	16,735	11,747	25,113	20,468	44,354
Japan	11,088	27,926	16,403	38,009	18,046	43,854
Belgium	572	1,527	278	843	1,153	3,068
France	30	75	54	139	374	814
W. Germany	110	283	291	981	1,812	4,395
Luxemburg	169	403	55	141	178	413
U.K.	971	3,087	551	1,930	1,175	4,222
U.S.A.	482	1,768	4,245	16,666	465	1,721
Total Imports	21,424	53,119	33,889	84,495	48,522	114,735

Table 31

IMPORTS OF SHAPES OF IRON OR STEEL FROM MAJOR COUNTRIES

Qty. : '000 kgs.
Value : '000 Baht

	1965		1966		1967	
	Qty.	Value	Qty.	Value	Qty.	Value
India	65	166	71	241	6,559	13,053
Hong Kong	2,769	7,184	1,859	4,106	3,819	9,340
Japan	5,002	12,215	14,132	32,419	9,386	26,049
Belgium	1,185	2,991	-	-	3,024	7,761
France	482	1,089	110	343	483	1,059
W. Germany	767	1,752	155	774	1,509	3,446
Luxemburg	376	843	3	8	202	469
U.K.	93	241	487	3,522	238	774
U.S.	123	737	363	109	52	277
Total Imports	10,972	27,543	17,474	43,372	25,471	62,907

Table 32

COUNTRYWISE IMPORTS OF MACHINE TOOLS AND PARTS
INTO THAILAND

(Value= 000 Baht)

Description	Country	1965	
		Quantity	Value
Machine tools for working metals or metallic carbides (Nos.)	India	20	468
	Japan	6,017	14,614
	Denmark	163	3,664
	West Germany	2,136	8,001
	Italy	209	3,656
	U.K.	548	8,732
	U.S.A.	330	3,834
	Taiwan	186	2,915
	Spain	10	401
	Total	10,105	53,721
	Imports		
Parts and accessories of machine tools for working metals or metallic carbides n.e.s.	India	3,070	21
	Japan	39,045	1,020
	Sweden	464	105
	U.K.	4,343	180
	U.S.A.	5,054	420
	West Germany	10,155	642
	Total		
	Imports	69,570	2,609

(Contd..)

Table 32 (Contd.)

Value = 1000 Baht

Description	Country	1966	
		Quantity	Value
Machine tools for working metals or metallic carbides (Nos.)	India	10	196
	Japan	6,104	22,613
	Denmark	157	5,301
	West Germany	3,324	7,979
	Italy	130	6,130
	U.K.	807	0,800
	U.S.A.	446	4,740
	Taiwan	513	6,145
	Spain	64	2,354
	Total Imports	12,032	74,140
Parts and accessories of machine tools for working metals or metallic carbides ne. n.e.s.	India	-	-
	Japan	3,218	1,088
	Sweden	935	102
	U.K.	6,745	299
	U.S.A.	5,312	650
	West Germany	2,451	235
	Total Imports	568,750	2,523

(Contd..)

Table 32 (Contd.)

Value = '000 Baht

Description	Country	1967	
		Quantity	Value
Machine tools for working metals or metallic carbides (Nos.)	India	109	1,536
	Japan	5,688	23,381
	Denmark	180	8,476
	West Germany	5,870	19,244
	Italy	114	5,066
	U.K.	594	11,632
	U.S.A.	623	4,801
	Taiwan	3,865	9,111
	Spain	95	3,103
	Total Imports	18,015	105,396
Parts and accessories of machine tools for working metals or metallic carbides n.e.s.	India	7,970	68
	Japan	4,631	1,527
	Sweden	368	111
	U.K.	2,272	216
	U.S.A.	2,643	227
	West Germany	-	-
	Total Imports	103,619	3,277

Table 33TYRES AND TUBES - TOTAL IMPORTS AND IMPORTS
FROM INDIA

('000 Baht)

Commodity	1965		1966		1967	
	'Imports'		'Imports'		'Imports'	
	'Total 'Imports'	'from India'	'Total 'Imports'	'from India'	'Total 'Imports'	'from India'
Tyres for pedal cycles	18,865	764	21,484	2,219	21,939	5,668
Tyres for tractors	10,391	-	10,234	266	12,476	656
Tyres, exceed- ing (6 kgs. in wt.) for motor cars, in- cluding tubeless tyres	124,492	2,149	155,591	3,306	184,758	3,525
Tyres for vehicles n.e.s.in- cluding tubeless tyres	6,784	222	10,539	297	5,057	222
Tubes for pedal cycles	5,169	-	4,226	476	3,605	62
Tubes for tractors	508	-	917	28	1,095	28
Tubes ex- ceeding 1 kg. in wt. for motorcars	8,661	42	11,440	93	16,021	79
Tubes for vehi- cles n.e.s.	188	1	495	21	198	29
Rubber tyre flaps	2,788	63	2,405	74	2,946	103
Total Imports	182,315	3,241	234,493	6,853	263,629	10,375

Table 34IMPORTS OF SELECTED ITEMS OF RUBBER TYRES AND
TUBES FROM MAJOR COUNTRIES

('000 Baht)

Commodity	Country	1965	1966	1967
Tyres for Pedal Cycle	India	764	2,219	5,668
	Japan	14,266	15,213	13,828
	Czechoslovakia	865	1,142	1,134
	Total Imports	18,865	21,484	21,939
Tyres, ex- ceeding 6 kgs. in wt. for motor cars, including tubeless tyres	India	2,149	3,306	3,524
	Japan	53,334	62,721	74,327
	S. Korea	12,746	10,971	15,945
	W. Germany	12,110	13,912	21,540
	U.K.	-	9,373	12,656
	United States	10,529	22,441	19,570
	France	11,429	10,634	-
	Total Imports	124,492	155,591	184,758
Tyres for vehicles n.e.s.in- cluding tube- less tyres	India	222	297	222
	U.Kingdom	683	891	1,437
	United States	-	6,078	941
	Japan	1,180	2,281	479
	Total Imports	2,784	10,539	5,057

Table 35

IMPORT OF ELECTRIC MOTORS, TRANSFORMERS,
CABLES, ETC., FROM MAJOR COUNTRIES

('000 Baht)

Commodity	Unit	Country	1965		1966	
			Qty.	Value	Qty.	Value
Electric motors for office or household uses	Unit	India	-	-	-	-
		Japan	311	61.4	-	-
		Italy	366	11.2	37	16.3
		Total	5,842	151.3	87	35.2
Electric motors, n.e.s.	Unit	India	332	238	226	172
		Hong Kong	207	21	30	11
		Japan	30,985	15,288	44,267	223
		Austria	326	593	662	929
		Denmark	1,584	8,241	803	1,412
		W. Germany	2,447	8,604	2,281	5,911
		Sweden	767	3,007	690	2,401
		U.K.	1,719	5,239	3,789	5,159
		U.S.A.	1,674	1,506	3,199	3,521
		Total Imports	42,143	45,287	61,163	40,907
Parts of electric motors, n.e.s.	'000 kgs.	India	0.04	2	-	-
		Hong Kong	13.1	275	41.3	767.1
		Japan	7.1	392	4.3	261.3
		Taiwan	10.9	125	8.0	124.8
		France	0.4	85	0.005	2.3
		U.K.	4.0	134	1.7	129.3
		U.S.A.	1.1	241	4.4	520.4
		Total Imports	41.5	1,534	60.7	1902.6

(Contd..)

Table 35 (Contd.)

Commodity	Unit	Country	1967		1968 (Jan. - April)	
			Qty.	Value	Qty.	Value
Electric motors for office or household uses	Unit	India	70	16.3	-	-
		Japan	-	-	1,285	397.9
		Total	98	36.9	1,518	439.3
		Imports:				
Electric motors, n.e.s.	Unit	India	1	7	-	-
		Hong Kong	4,778	489	8	6
		Japan	45,326	27,879	13,509	6,902
		Austria	1,256	1,702	232	329
		Denmark	470	4,492	174	2,133
		W. Germany	7,420	9,269	942	1,707
		Sweden	1,558	5,818	305	1,801
		U.K.	2,307	3,546	1,531	1,043
		U.S.A.	9,460	4,993	2,522	1,856
		Total	84,174	66,167	23,918	18,528
		Imports				
Parts of electric motors, n.e.s.	'000 kgs.	India	0.03	1	-	-
		Hong Kong	28.1	590	12.3	222
		Japan	9.0	505	5.8	336
		Taiwan	16.2	246	4.9	129
		France	-	-	0.1	18
		U.K.	0.8	61	0.02	7
		U.S.A.	3.8	567	0.3	48
		Total	61.6	2,208	26.9	956
		Imports				

Table 36

IMPORTS OF DIESEL ENGINES INTO THAILAND BY
MAJOR ITEMS

(Qty. = '000 Unit/Kgs.)
Value = '000 Baht

	1965			
	Total		India	
	Qty.	Value	Qty.	Value
Internal Combustion piston engine for marine (Unit)	1,070	36,101	-	-
Internal Combustion piston engines n.e.s. (units)	45,581	63,396	11	53
Parts of Internal Combustion piston engines n.e.s.(kg.)	1,447	84,628	7	58
Parts specially prepared for use with tractor internal combustion Piston engine (kg.)	36	3,788	-	-
Diesel and semi-diesel engines (Unit)	22,370	141,164	223	1,390
Parts of diesel & semi-diesel engine n. n.e.s.(kg.)	145	13,246	7.8	231
TOTAL IMPORTS		351,585		1,776

(Contd..)

Table 36 (Contd.)

	1966			
	Total		India	
	Qty.	Value	Qty.	Value
Internal Combustion piston engine for marine (Unit)	6,390	53,592	-	-
Internal Combustion piston engines n.e.s. (Unit)	45,016	61,495	38	197
Parts of Internal Combustion piston engines n.e.s.(kg.)	1,942	113,166	1.1	38
Parts specially prepared for use with tractor internal combustion piston engine (kg.)	73	5,465	-	-
Diesel and semi-diesel engines (Unit)	29,967	169,526	237	1,040
Parts of diesel & semi-diesel engine n.e.s.(kg.)	172	1,993	.7	14
TOTAL IMPORTS		447,418		1,289

(Contd..)

Table 36 (Contd..)

	1967			
	Total		India	
	Qty.	Value	Qty.	Value
Internal Combustion piston engine for marine (Unit)	5,601	79,408	16	75
Internal Combustion piston engines, n.e.s. (Unit)	57,977	73,269	12	43
Parts of Internal Combustion piston engines n.e.s. (Kg.)	2,331	147,949	9	233
Parts specially prepared for use with tractor internal combustion piston engine (Kg.)	104	8,685	49	4
Diesel and semi-diesel engines (Unit)	47,889	167,169	304	1,519
Parts of diesel & semi-diesel engine n.e.s. (Kg.)	365	23,197	1.2	48
TOTAL IMPORTS		578,316		1,922

Table 37

IMPORTS OF DIESEL AND SEMI-DIESEL ENGINES
FROM MAJOR COUNTRIES

Qty. = Units
 Value = '000 Baht

Country	1965		1966		1967	
	Qty.	Value	Qty.	Value	Qty.	Value
India	223	1,390	237	1,040	304	1,519
Japan	14,250	49,588	21,563	79,836	28,385	92,356
Czechoslovakia	288	3,654	270	2,967	503	5,035
W. Germany	1,690	25,936	1,437	21,273	608	10,632
Italy	36	210	107	467	4,268	3,867
Sweden	8	359	4	184	153	1,817
U.K.	4,756	47,541	3,446	34,844	11,996	39,965
U.S.S.R.	120	686	180	1,312	100	572
U. States	356	7,883	1,934	20,434	587	6,621
Australia	159	679	106	637	85	537
TOTAL IMPORTS	22,370	141,164	29,967	169,526	47,889	167,169

Table 38

IMPORTS OF PARTS FOR DIESEL AND SEMI-DIESEL
ENGINES N.E.S. FROM MAJOR COUNTRIES

Qty. = Kgs.
 Value = '000 Baht

Country	1965		1966		1967	
	Qty.	Value	Qty.	Value	Qty.	Value
India	7,814	231	736	14	1,219	48
Malaysia	819	22	492	20	2,041	108
Japan	24,833	1,766	57,943	3,490	204,018	8,595
Czechoslovakia	12,347	612	2,358	199	5,394	310
Denmark	2,744	86	7,758	158	6,059	145
W. Germany	20,387	2,514	29,044	3,750	47,148	4,448
Italy	1,338	549	1,155	124	658	248
Spain	186	15	99	7	1,893	110
U.K.	47,533	3,413	36,211	3,205	57,335	4,422
U.S.A.	22,602	3,694	35	4,944	37,393	4,669
Total Imports	145,279	13,246	171,796	15,993	364,657	23,197

Table 39IMPORTS OF PETROLEUM AND PETROLEUM PRODUCTS

(Million Baht)

Commodity	1966		1967	
	Total	Imports	Total	Imports from
	Imports	from	Imports	India
		India		
Petroleum, Crude	721	-	721	-
Gasoline or benzene for general use	98	0.4	93	20.1
Benzene for aeroplane	103	-	31	3.4
Kerosene	36	0.01	32	-
Oil, Diesel	101	0.2	124	11.3
Oil, solar or diesel gas oil	161	-	173	49.0
Oil heavy fuel, n.e.s.	39	-	58	7.9
Paraffin	10	-	9	0.01
<u>TOTAL IMPORTS</u>	2,295	0.6	1,584	91.7

Table 40

COUNTRYWISE IMPORTS OF BENZENE, DIESEL
OIL AND DIESEL GAS OIL

(Million Baht)

Commodity	Country	1966		1967	
		Qty. (Million Litres)	Value	Qty. (Mill- ion Lts)	Value
Gasoline or benzene for General Use	India	0.9	0.4	45.4	20
	Malaysia	17.1	16	22.1	20
	Singapore	45.7	23	13.2	8
	Indonesia	42.8	24	36.5	18
	Iran	26.3	14	36.5	16
	Total Imports	168.4	98	179.8	93
Benzene for Aeroplane	India	-	-	6.8	3
	Indonesia	87.6	86	23.5	22
	Iran	12.1	11	4.0	4
	Total Imports	105.0	103	36.6	31
Diesel Oil	India	0.3	0.2	28.5	11
	Singapore	7.0	3.4	5.8	-
	Iran	152.6	65	120.1	48
	Japan	3.2	1.5	18.8	8
	Malaysia	22.5	12	17.6	13
	Total Imports	224.7	101	287.6	124
Oil, Solar or diesel gas oil	India	-	-	126.4	49
	Malaysia	14.9	7	4.2	2
	Singapore	97.5	46	55.8	26
	Indonesia	96.9	47	52.5	29
	Iran	109.5	52	83.4	37
	Total Imports	337.5	161	397.2	173

Table 41IMPORTS OF ELECTRIC FANS INTO THAILAND

(Qty. = '000 sets)
(Value = '000 Baht)

Year		Portable		Ceiling		Others	
		Qty.	Value	Qty.	Value	Qty.	Value
1965	Total	42	11,351	18	4,781	6	4,905
	India	0.2	69	0.2	64	-	-
1966	Total	78	17,420	20	6,238	16	3,579
	India	0.2	65	0.8	234	Neg.	3
1967	Total	83	17,395	22	5,659	64	12,815
	India	0.1	46	0.3	68	Neg.	5.7

Table 42

IMPORTS OF ELECTRIC FANS AND SEWING MACHINES FROM MAJOR COUNTRIES

('000 Baht)

Description	Country	1965		196		1967	
		Qty. (set)	Value	Qty. (set)	Value	Qty. (set)	Value
<u>ELECTRIC FANS</u> <u>& SEWING</u> <u>MACHINES</u>							
Electric fans, Portable	India	228	69	249	66	122	46
	Hong Kong	1,087	70	4,411	511	5,730	512
	Japan	37,877	10,364	54,567	14,709	59,381	14,997
	Taiwan	383	108	4,515	934	2,801	505
	Italy U.K.	6,982	475	11,088	819	13,032	880
		97	79	269	94	509	227
	Total	47,296	11,351	77,756	17,421	83,168	17,396
Electric fans, ceiling	India	201	64	781	234	291	68
	Hong Kong	14,082	2,879	15,617	4,280	15,430	3,798
	Japan	3,543	1,539	3,607	1,452	3,953	1,139
	Taiwan	368	112	220	71	2,053	548
	Total	18,586	4,781	20,544	6,238	21,871	5,659
Electric fans, n.e.s.	India	-	-	10	2.8	20	5.7
	Japan	3,937	1,361	7,046	2,103	44,614	10,761
							(Contd.)

(Contd.)

Table 42 (Contd..)

Description	Country	1965		1966		1967	
		Qty. (set)	Value	Qty. (set)	Value	Qty. (set)	Value
Treadle Sewing Machines	West Germany	457	158	1,252	246	150	547
	Italy	3,301	2,401	4,449	380	1,398	170
	U.K.	555	341	441	179	619	423
	U.S.A.	265	560	204	311	448	298
	Australia	44	28	200	19	156	42
Treadle Sewing Machines	Taiwan	1	3	486	117	15,558	707
	Total	8,633 (set)	4,905	16,268 (set)	3,579	64,286 (set)	12,816
Treadle Sewing Machines	India	438	142	465	182	60	28
	Japan	19,935	11,094	23,311	13,253	34,834	21,159
	W. Germany	102	85	23	115	550	500
	U.S.A.	58	110	15	43	26	92
	Total	20,615	11,597	23,864	13,676	35,707	22,040
Sewing Machines for industrial use	India	-	-	-	-	149	61.2
	Japan	1,354	1,872.3	606	1,273.8	998	2,308.4
	W. Germany	-	-	26	274.8	27	419.9
	U.K.	129	891.1	86	1,130.5	38	3,108.4
	U.S.A.	198	737.0	130	126.6	66	1,052.4
Sewing Machines for industrial use	Total	1,691	3,615.8	853	2,868.7	1,314	7,487.6

Table 43IMPORTS OF SEWING MACHINES INTO THAILAND

(Qty. = '000 sets)

(Value= '000 Baht)

Year		Household		Industrial		Parts
		Qty.	Value	Qty.	Value	Value
1965	Total	20	11,597	1.7	3,615	8,701
	India	-	-	-	-	2
1966	Total	24	13,676	0.8	2,869	10,676
	India	0.5	182	-	-	22
1967	Total	35	22,040	1.3	7,488	8,083
	India	0.6	28	0.1	61	8

Table 44IMPORTS OF CHEMICALS INTO THAILAND BY MAJOR
ITEMS

(Million Baht)

Commodity	1965		1966		1967	
	Total 'Imports'	'Imports' from 'India'	Total 'Imports'	'Imports' from 'India'	Total 'Imports'	'Imports' from 'India'
Zinc oxide	3.99	0.21	4.36	0.34	5.89	0.67
Glycerine	5.62	0.22	5.78	0.52	8.58	0.09
Enzymes	0.19	-	0.42	-	0.78	0.12
Naphthalene	0.11	-	0.15	-	0.44	0.34
Total Imports	284.13	0.75	340.06	1.18	395.53	1.38

Table 45ESTIMATE OF POTENTIAL OF INDIA'S
EXPORTS

('000 £)

Commodity	Actual Exports		Poten-
	1967-68	1968-69	tial for 1974
1. Textiles (Non-jute)	273	337	480
2. Jute textiles	76	67	-
3. Tea	2	2	5
4. Spices	-	1	96
5. Rice	-	-	-
6. Fish and Fish Products	-	-	-
7. Iron ore			
8. Iron & Steel products	5,081	5,066	24,050
9. Electrical Machinery and appliances	60	307	340
10. Non-Electrical Machinery	31	698	1,000
11. Machine tools	47	171	240
12. Diesel engines	52	70	720
13. Railway equipment	6	643	-
14. Motor vehicles & parts	44	44	-
15. Bicycles & parts	136	55	720
16. Rubber tyres and tubes	317	114	480
17. Small tools & hand tools	34	75	100
18. Medicines & pharmaceuticals	104	93	480
Sub-total (1-18)	6,263	7,743	28,711
19. Petroleum Products	3,180	342	9,620
20. Chemicals	-	-	480
21. Aluminium ingots	3	9)	-
22. Human Hair	-3	)	
23. Diamonds	142	377)	
24. Clothings	19	15)	
25. Others	1,029	1,403	6,189
Total	11,279	9,889	45,000

Appendix 1

THE SURVEY TEAM

Director-General

Shri S. Bhoothalingam

Project Director

Shri R. S. Sharma

Consultants

Indian

Shri N.J. Kuriath
Shri B.N. Khosla

Foreign

Dr. Morton C. Grossman
Mr. William H. Rusch

Economists

Shri S.R. Chawla
Dr. R.G. Gidadhuli
Shri N.R. Gopalakrishnan
Dr. P.C. Jain
Shri K. Kasturi
Shri V. Krishnamurthy

Shri P.K. Krishnaswamy
Shri P.L. Narayana
Shri R.K. Patil
Dr. T. Rameswara Rao
Shri T.R. Sehgal
Shri N. Venkataraman

Appendix 2LIST OF OFFICERS/PERSONS CONTACTED DURING THE
FIELD VISIT

1. Chavanich & Co., Bush Lane,
Bangkok.
2. Kirloskar Oil Engines Ltd.,
Bangkok.
3. Summit Industrial Corporation (Panama),
Bangkok.
4. Usha International, Bangkok.
5. The East Asiatic Co. Ltd.,
Worachak Branch,
Bangkok.
6. Oriental Machinery, Stores,
539, Worachak Road,
Bangkok.
7. Yip In Tsoi & Jacks Ltd.,
522, Mahaprutharam Road,
Bangkok.
8. Unichem Laboratories Ltd.,
Thai Niyom Panfa,
99, Rajadamnern Avenue,
Bangkok.
9. Thamnu Kasikan Ltd., Part.,
116-118, New Road,
Near Sanyod,
Bangkok.
10. Astraco Asia Trading Co. Ltd.,
Bangkok.
11. Kiang Seng Industrial Co. Ltd.,
548-552, Siphya Road,
Bangkok.

12. Berli Jucker Co. Ltd.,
1136, New Road, Bangkok.
13. Hagemeyer - Holland Thai Co. Ltd.,
719, Hong Kong Bank Lane,
Siphya Road,
Bangkok.
14. A.R. Trading (A.R. Films), R.O.P.,
Phahurat Road, Bangkok.
15. Min Sen Machinery Co. Ltd.,
777, Samyod, Bangkok.
16. M.K. Unnithan, 40, Barapha Road,
Bangkok.
17. Speck-Kalbenpumpen (Thailand) Co. Ltd.,
Bangkok.
18. Associated Consultants Co. Ltd.,
448/2, Petchaburi Road,
Bangkok.
19. Seranand Associated Co. Ltd.,
Samyan, Bangkok.
20. Engineering Department,
The Anglo-Thai Corporation Ltd.,
Bangkok.
21. Summit Supplies Limited Partnership,
S. Napa Building,
Bangkok.
22. Thai India Corporation Ltd.,
Bangkok.
23. Gangjee Premjee & Co.,
366, Sunwongse Road,
Bangkok.
24. Thai Yamyen Co. Ltd.,
Bangkok.

25. Vidhayakom Co. Ltd.,
158, Phayathai Road,
Bangkok.
26. Marubeni-Iida Co. Ltd.,
1017, New Road,
Bangkok.
27. Agenzie Italiana Ltd.,
542/1, Ploenchit Road,
Bangkok.
28. Alkema (Thailand),
Saphan Yao, Bangkok.
29. The Central Agency Ltd., Bush Lane,
Bangkok.
30. Serling Advertising Ltd., Silom Road,
Bangkok.
31. Branch Manager, Air India,
Bangkok.
32. A.T.E. Maskati Ltd.,
78, Muwongse Road,
Bangkok.
33. The State Trading Corporation of India Ltd.,
Silom Road, Bangkok-5.
34. Kamal Sukosol Co. Ltd.,
Thai-British Trading Co. Ltd.,
857, Mahachulalongkornrajavidyalaya Road,
Bangkok.
35. McGow Hock Co. Ltd.,
Bangkok.
36. Loxley (Bangkok) Ltd.,
304, Suapah Road,
Bangkok.
37. J.L. Sharma and Co.,
185, Rajwongse Road,
Bangkok.

38. United Machinery Co.,
208-214, Worchak Road,
Bangkok.
39. Danrong Machine Tool Co. Ltd.,
206, Worchak Road,
Bangkok.
40. Calcutta Steel Co. Ltd.,
43, Soi 33 Sukumvit Road,
Bangkok.
41. Bank of Thailand,
Bangkok.
42. Indian Overseas Bank Ltd.,
Bangkok.
43. Mr. E. Sizymanski,
Commercial Attache,
Embassy of Poland, Bangkok.
44. Dr. Stifel,
Professor of Economics,
Thammasat University,
Bangkok.
45. Dr. Norman Wake,
Director, Applied Scientific Research
Corporation of Thailand,
Bangken, Bangkok.
46. United States Operations Mission,
Petchburi Road, Bangkok.
47. Mr. Suthee,
Department of Foreign Trade,
Royal Thai Government,
Bangkok.
48. National Economic Development Board,
Bangkok.
49. Director-General of Economic Relations,
Government of Thailand,
Bangkok.

50. Director-General of Commercial Intelligence,
Government of Thailand.
51. Mr. Narayan,
Indian Ambassador,
Bangkok.
52. Mr. Malhotra,
First Counsellor,
Indian Embassy,
Bangkok.
53. Mr. Hazari,
Commercial Attache,
Indian Embassy,
Bangkok.
54. Board of Investment,
Rajdamneren Avenue,
Bangkok.
55. Economic Commission for Asia and the
Far-East, Bangkok.
(Industry, Transport, Economics and
Trade Divisions).
56. Mekong Committee, ECAFE,
Bangkok.
57. Department of Customs,
Bangkok.
58. Editor, "INVESTOR",
Bangkok.

Appendix 3

BENEFITS AND PRIVILEGES UNDER THE
PROMOTION OF INDUSTRIAL INVEST-
MENT ACT

The Promotion of Industrial Investment Act, as amended, provides special privileges for businesses which qualify as "promoted industries". The more important features of this law are summarized briefly as follows :

1. The State guarantees not to engage in competitive industry (other than any presently operated).
2. The State guarantees against expropriation or nationalisation of industry.
3. The entity, if duly registered in Thailand, may own land required for its operations.
4. Promoted entities are exempted from import duties and business taxes on machinery, parts, components and accessory equipment required and on prefabricated structures, or component parts and materials for structures, if equivalent materials are not produced locally.
5. A new promoted industry will be exempt from income taxes for a period of five years beginning with the first year when sales or income are recorded. This does not apply to the expanding of existing industries.
6. A promoted industry may freely remit foreign currency covering return of capital, profits, interest and principal on foreign loans, royalties, or other like necessary payments.

7. Entry of necessary alien experts, technicians, or other personnel required will be permitted.
8. The promoted industry may export its products if not contrary to the security and economic interests of Thailand.
9. Promoted industries may, upon recommendation by the Board of Investment and approval by the Cabinet, receive exemptions not exceeding one-third of the import duties and business taxes on raw materials.
10. Promoted industries may receive, upon specific approval by the Board and for such period of time as it may authorize, additional benefits such as :
 - (a) Prohibition of import into Thailand of like products.
 - (b) Increase in customs duties on like products imported.
 - (c) Exemption from or reduction of export taxes on products exported.
 - (d) Exemption from business taxes on exports.

Promoted industries are classified as under:

- (a) Group 'A' - These will be fully exempted from import duties and business taxes on raw or necessary materials for a period of five years.
- (b) Group 'B' - Industries under this Group will be exempted from 50% of such duties as mentioned in (a) for a period of five years.

- (c) Group 'C' - Industries under this group will be granted a one-third reduction in the import duties and business taxes on raw and necessary materials for a period of five years.

Industries within the scope of promotion are:

Group A :

Chemical

Carbondioxide	
Caustic soda	Ammonia
Hydrochloric acid	Nitric acid
Calcium carbide	Chemical fertilizer
Fungicide or Insecticide	Sodium carbonate or soda ash

Electrical and Electronic Products

Parts of Radio and/or Television
Household electrical appliances
Electrical prime-moving engine
Other electronic products.

Metal Smelting

Iron (smelting of iron ores into pig iron)
Steel (producing steel from pig iron or steel scraps)

Tin	Antimony
Lead	Tungsten
Zinc	Manganese
Copper	

Motorised Vehicles, Machinery and Parts

Water pump	Tractor producing or assembling
Machine tool	Spare parts of motor vehicles
Agricultural machinery	Bicycle or tricycle with engine.
Internal-cumbuston engine	

Others

Craft paper	Asbestos cement or
Lac products	plastic pipe
Cast iron	Concentrated latex
Steel	Motor vehicle tyre or
Plastic powder	inner-tube
Cold storage	Photographic
Sweet condensed milk	Cinematographic X-ray
Vegetable oil	films
	Bicycle or tricycle
	E. without engine

Group B :Building or Assembling of Vehicle and Machinery :

Ship building
 Passenger car and truck manufacturing or assembling

Internal-combustion or electrical prime-moving engine assembling.

Agricultural machinery assembling
 Water pump assembling
 Machine tool assembling
 Sewing machine producing or assembling.

Electrical appliances

Household electrical appliances assembling
 Electrical wire or cable
 Electric accessories.

Food

Food canning (using cans or other airtight containers)
 Concentrated cream or evaporated milk.

Manufacturing

Sewing thread
 Paper industry
 Wood pulp

Spectacle glasses and
 lens
 Fountain pen
 Grease

Group C:Mineral Oil

Prospecting of mineral
 Crude oil producing
 Oil refining and distilling.

Producing and/or Dressing of Ores

Lead
 Zinc
 Copper

Antimony
 Tungsten
 Manganese

Iron and Steel Products

Galvanized iron sheet
 Galvanized iron wire
 Galvanized iron pipe
 Electric welding iron
 Tin plate

Barbed wire
 Bolt and nut
 Other galvanized iron
 products
 Steel working (fabricated
 steel products
 and castings).

Building Materials

Wood shaving and cement board
 Wood parquet flooring
 Pressed sawdust (briquettes)
 Floor or wall ceramic tile

Transportation

Internal sea-transportation
 Internal boat-transportation
 Internal air-transportation

Rubber Products

Hard rubber (ebonite)
 Bicycle tyre or inner
 tube.

Reclaimed rubber
 Other rubber products

Textile

Spinning and/or weaving from cotton, natural
 fibre or synthetic fibre
 Cotton natural fibre or synthetic fibre products
 Bleaching, dying, printing or finishing of
 fabric or yarn.

Electric

Radio and/or television receiving set manufacturing
 or assembling
 Electric bulb
 Electric storage battery wet-type

Glass

Glass Sheet
 Neutral glass
 Crystal glass ware

Food

Edible flour
 Rice-bran oil
 Tea industry

Production of animal
 food
 Fish processing.

Others

Hotel
Pencil
Tanning
Button

Rope or mat
Stone quarrying
Marble
Paint

Printing ink
Mineral water bottling
Rolling mills
Turpentine or dammer
Deep sea fishing

Agricultural products curing
Pearl oyster culture
Rattan and bamboo product
Modern rice mill

Coconut fibre or sheel products
Glazed ceramic
Wood drying and curing
Wood preserving

Wood distillation
Gramophone record
Artificial leather producing
Sensitized paper

Feather, animal hair and fur sorting and dressing
Modern pharmaceutical products
Agricultural tool and implement
Part for motor vehicles, motor engine and machines.

NOTE: In practice, it has worked out that industries which do not fall into these groups may apply for promotional status, and if they meet with certain specifications, normally are given "promoted" status.

Appendix 4

TAX SYSTEM

1. Thailand's tax system includes almost all kinds of taxes as adopted in other countries but the rates are comparatively lower than in many countries. The major portion of revenue comes from indirect taxes. Direct taxes bring in only a small portion of tax revenue. Taxes on foreign trade (import and export duties) are the most important sources of tax revenue but internal taxes have begun to show improvements in recent years.
2. The easiest and most convenient way to classify the Thai tax system is to divide it according to the departments administering tax collections. The tax collections are administered by three major departments of the Ministry of Finance, the Customs Department, the Revenue Department, and the Excise Department.
3. The Customs Department is responsible for collection of two kinds of duties : import duty

and export duty. The Revenue Department is responsible for collection of 6 Major types of taxes and duties : Income Tax (i.e. Personal Income Tax and Tax on Juristic Persons), Business Tax, Signboard Tax, Stamp Duty, Entertainments Duty. The Excise Department is responsible for collection of 9 kinds of excise taxes; Non-alcoholic Beverage Tax, Liquor Tax, Tax on Matches, Cigarette Tax, Snuff Tax, Cement Tax, Playing Card Tax, Tax on Domestically Produced Petroleum and Oil, and Cigarette Lighter Tax. In addition, there is a Local Development Tax which is collected by the Local Government.

4. Duties collected by the Customs Department are described in the Customs Tariff Decree which has passed through many revisions. The present Customs Tariff Decree was enacted in 1960. The most important change brought about by the Custom Tariff Decree of 1960 was the adoption of the internationally recognized Brussels Tariff Nomenclature, according to which goods

are classified into 1,097 main items instead of 198 items previously.

5. Import Tariff : Import duty is imposed on almost all goods brought into the kingdom but the rates are relatively low compared with the rates in neighbouring countries. Rates of import duty vary according to the type of goods. These rates vary from 5 to 80 per cent on goods which are considered luxuries or goods produced by protected domestic industries. However, the 80 per cent rate is applied in only a few cases. At present, the majority of goods are liable to import duty of 30 per cent ad valorem.
6. Export Tariff: In order to encourage export trade the Customs Tariff Decree imposes export duty on only 5 items of goods namely; rice; scraps, iron or steel; hides, skins and leather; rubber, including latex, rubber waste, tree and lump scraps, earth rubber and bark shaving from rubber trees; teak and other woods.

7. The present Customs Tariff Decree in Thailand uses both ad valorem and specific rates. The rate of import duty is applied to imported goods regardless of their origin.
8. Company Income : Companies organized under foreign laws which carry on business in Thailand are, to the extent that incomes are derived from sources in Thailand, subject to income taxes in the same way as companies organized under Thai laws. Tax is charged on net profits at the following rates :

On the first 500,000 Baht	:	15%
On the next 500,000 Baht	:	20%
On all in excess of 1,000,000 Baht:	:	25%

9. Personal Income: An individual who is present in Thailand for one or more periods aggregating 180 days or more in any tax year is treated as a resident of Thailand and subject to income tax on income from sources in Thailand, as well as, on income from foreign sources which are brought into Thailand. Gross income under

~~eight categories covering income from~~
employment, properties, professions and business
are assessed. The slab rates vary from 10 per
cent to 50 per cent.

10. Business Income : Monthly gross receipts from
13 categories of business are subject to business
tax at the following rates:

<u>Categories of Business</u>	<u>Tax rate (per cent of Gross Receipts)</u>
-------------------------------	--

- | | |
|--|-------------|
| (a) Sale of goods varying according to type of goods | 1.5% to 25% |
|--|-------------|

Example :-

Alcoholic	25%
Passenger automobiles	20%
Refrigerators, TV sets	12%
Common goods used in homes	15%
Non-finished goods	1.5%

To the above must be added a municipal surtax of 10 per cent.

- | | |
|---|---------------|
| (b) Sale of services, rentals and other categories, varying according to nature : | 1.5% to 10.5% |
|---|---------------|

In the case of business tax on sale of goods, tax is collected at the level of the manufacturer or importer and not the retailer.

In other categories of business, tax is collected from persons carrying on the business.

11. Signboard Tax :

Rates :

- (1) Every signboard is charged with a minimum tax of 10 Baht.
- (2) In the case of a signboard wholly in Thai letters, 1 Baht for every 50 square centimetres.
- (3) In the case of a signboard with a combination of Thai letters and foreign letters 5 Baht for every 500 square centimetres.
- (4) In the case of a signboard wholly in foreign letters, 10 Baht for every 500 sq. centimetres.

Besides these, there are excise duties on few commodities, entertainment duty and stamp duty.

Appendix 5

LIST OF SELECTED IMPORTERS - COMMODITY

A detailed list of importers specifying the products dealt in, bank references, membership of different associations, etc., is available in Board of Trade Directory, "The Thai Chamber of Commerce Directory and Commercial Directory of Thailand (Department of Commercial Intelligence)", issued annually. However, below is given a productwise list of important importers.

AGRICULTURAL IMPLEMENTS

1. Asia Trading Co. Ltd.,
9/1, Suapa Road, Bangkok.
2. Berli, Jucker (Holding) Ltd.,
1136, New Road,
Bangkok.
3. Bangkok Motor Works Co. Ltd.,
865, Rama 1 Road,
Bangkok.
4. Diethelm & Co.,
280, New Road,
Bangkok.
5. Gerson & Sons Ltd.,
287, Silom Road,
Bangkok.

6. ItalThai Industrial Co. Ltd.,
2149, New Petchburi Road,
Bangkok.
7. Min Sen Machinery Co. Ltd.,
546, Jawarad Road,
Bangkok.
8. Thai Machinery Industry Co. Ltd.,
New Petchburi Road, Bangkok.
9. Yip In Tsoi & Jacks Ltd.,
523, Mahaprutharam Road,
Bangkok.
10. F.E. Zuellig (Bangkok) Ltd.,
4/7, Dejo Road,
Bangkok.

AIR CONDITIONING, REFRIGERATION IMPLEMENTS :

1. Berli, Jucker (Holding) Ltd.,
1136, New Road,
Bangkok.
2. Hagermeyer Holland Thai Co. Ltd.,
719, Hongkong Bank Lane,
Bangkok.
3. Kamol Sukosol Co. Ltd.,
857, Mahachai Road,
Bangkok.
4. Luxley (Bangkok) Ltd.,
304, Suapa Road,
Bangkok.

BICYCLES, ACCESSORIES

1. Bangkok Trading Co. Ltd.,
995-999, New Road,
Bangkok.

2. Bangkok Novelty Co. Ltd.,
151-5, Jawarad Road,
Bangkok.
3. Sang Quen Hong,
554-61, New Road,,
Bangkok.
4. Tan Thong Huat Co. Ltd.,
51-36, Siangkong Road,
Bangkok.
5. Teo Yong Hong Co. Ltd.,
3/1-2, Rong Muang, 5 Street,
Bangkok.

BUILDING MATERIALS. HARDWARES

1. Asia Trading Co. Ltd.,
9/1, Sampa Road,
Bangkok.
2. Bara, Windsor & Co. Ltd.,
154-176, Chakrapetch Road,
Bangkok.
3. Berli, Jucker (Holding) Ltd.,
1136, New Road,
Bangkok.
4. Charanich Co. Ltd.,
48, Bush Lane, New Road,
Bangkok.
5. Gerson & Sons Ltd.,
297, Silom Road,
Bangkok.
6. Huat Seng Co. Ltd.,
3-15, New Road,
Bangkok.

7. Lonley (Bangkok) Ltd.,
304, Suapa Road,
Bangkok.
8. Marubeni-Lia Co. Ltd.,
1017, New Road,
Bangkok.
9. Min Sen Company Ltd.,
458, Jaward Road,
Bangkok.
10. Nissho (Thailand) L.P.
6 G.P.O. Lane, New Road,
Bangkok.

CARPETS, RUGS

1. A.T.B. Maskati Ltd.,
78, Anuwongse Road,
Bangkok.
2. Star of Siam, 62 Rajdamri Road, Bangkok.

DIESEL ENGINES

1. Athon Phanich Co. Ltd.,
108-112, Sanyod, New Road,
Bangkok.
2. C. Itch & Co. Ltd.,
P.O. Box 337,
Bangkok.
3. S.P. Machinery Co. Ltd.,
Charoenphol Square,
Bangkok.
4. Tropical Engineers Co. Ltd.,
1/22, Suapa Road,
Bangkok.

ELECTRICAL GOODS

1. The Bangkok Trading Co. Ltd.,
995-999, New Road,
Bangkok.
2. Kang Yong Trading Co. Ltd.,
Petchburi Road,
Bangkok.
3. Kamol Susosol Co. Ltd.,
857, Mahachai Road,
Bangkok.
4. Skul Thai Co. Ltd.,
Asdang Road,
Bangkok.
5. Diethelm & Co. Ltd.,
280, New Road,
Bangkok.
6. Universal Suppliers Co. Ltd.,
689, Wang Burapha,
Bangkok.
7. Yip In Tsoi & Jacks Ltd.,
523, Mahaprutharam Road,
Bangkok.
8. F.E. Zuelling (Bangkok) Ltd.,
4/1, Dejo Road,
Bangkok.

FERTILIZERS

1. Bara, Windsor & Co. Ltd.,
164, Chakrapetch Road,
Bangkok.
2. Marubeni-Lida Ltd.,
P.O. Box 1364,
Bangkok.

3. Kian Gwan Co. (Thailand) Ltd.,
283, Surawongse Road,
Bangkok.
4. Yip In Tsoi & Jacks Ltd.,
523, Mahaprutharam Road,
Bangkok.

FIRE FIGHTING EQUIPMENTS

1. Athom Phanich Co. Ltd.,
112, New Road, Samyod,
Bangkok.
2. Berli, Jucker (Holding) Ltd.,
1136, New Road,
Bangkok.
3. Gerson & Sons Ltd.,
287, Silom Road,
Bangkok.
4. Siam Motors Co. Ltd.,
865, Rama I Road,
Bangkok.
5. Yip In Tsoi & Co. Ltd.,
523, Mahaprutharam Road,
Bangkok.
6. F.E. Zuellig (Bangkok) Ltd.,
4/1, Dejo Road,
Bangkok.

7.

GALVANIZED IRON SHEET MANUFACTURERS

1. Far East Iron Works Ltd.,
Rajwongse Road,
Bangkok.
2. Thailand Iron Works Co. Ltd.,
2552, New Road,
Bangkok.

3. The Sangkasi Thai Co. Ltd.,
150, Sukhumvit Highway,
Samuthprakarn, Bangkok.

GENERATORS

1. International Engineering Co. Ltd.,
614, Sukhumvit Road,
Bangkok.
2. Min Sen Machinery Co. Ltd.,
456, Jawarad Road,
Bangkok.
3. Saha Thai Vatana Co. Ltd.,
Mansion 4, Rajdamern Avenue,
Bangkok.

HEAVY EQUIPMENTS

1. Bangkok Motor Works Co. Ltd.,
863, Rama 1 Road, Bangkok.
2. Gerson & Sons Ltd.,
287, Silom Road,
Bangkok.
3. International Engineering Co. Ltd.,
614, Sukhumvit Road, Bangkok.
4. Jardine Waught Ltd.,
226, Nares Road,
Bangkok.
5. Loxley (Bangkok) Ltd.,
62, Rajdamri Road,
Bangkok.
6. ItalThai Industrial Co. Ltd.,
2143, New Petchburi Road,
Bangkok.

7. Berli, Jucker (Holding) Ltd.,
1136, New Road,
Bangkok.
8. Marubeni-Lida Co. Ltd.,
1017, New Road,
Bangkok.
9. A.T.E. Maskati Ltd.,
78, Bnuwongse Road,
Bangkok.
10. S.P. Machinery Co. Ltd.,
455, Charoenphol Square,
Bangkok.
11. Yip In Tsoi & Jacks Ltd.,
523, Mahaprutharam Road,
Bangkok.

LOCOMOTIVES & RAILWAY MACHINERY

1. Chavanich Co. Ltd.,
48, Bush Lane,
Bangkok.
2. Gerson & Sons Ltd.,
287, Silom Road,
Bangkok.
3. International Engineering Co. Ltd.,
614, Sukhumvit Road,
Bangkok.
4. Kamol Sukosol Co. Ltd.,
857, Mabhai Road,
Bangkok.

MEDICINAL & PHARMACEUTICAL PRODUCTS

1. Amer-Thai (1955) Co. Ltd.,
35/2, Suriwongse Road,
Bangkok.

2. The Anglo-Thai Corpn. Ltd.,
8-12, Bush lane Siphpa,
P.O. Box 328,
Bangkok.
3. Berli, Jucker, Hdding Co.,
1136, New Road,
P.O. Box 137,
Bangkok.
4. The Bombay Dispensary Co.,
129, Burapha Road,
Bangkok.
5. Diethelm & Co. Ltd.,
280, New Road, P.O. Box 14,
Bangkok.
6. Govt. Pharmaceutical Organisation,
Rama VI Road, Phya Thai,
Bangkok.
7. Jardine Waugh Ltd.,
26, Nares Road,
Bangkok.
8. May & Baker Ltd.,
Yannaya, New Road,
P.O. Box 693, Bangkok.
9. Pfizer Eastern Corporation (S.A.),
197, Silom Road,
Bangkok.
10. Thailand Industrial Supply Co. Ltd.,
119-121, Rajawongse Road,
Bangkok.
11. Unichem Distributors L.P.,
2nd Floor, Thai Niyom Panfa,
Rajdamneon Road,
Bangkok.
12. F.E. Zuellig (Bangkok) Ltd.,
4/1, Dejo Road, Bangkok.

MOTOR VEHICLES, AUTOMOBILE AND PARTS

1. Asoke Motors Ltd .,
211-213, Asoke Road,
Bangkok.
2. Kamol Sukosol Co. Ltd.,
857, Mahachai Road,
Bangkok.
3. Gerson & Sons Ltd.,
287, Silom Road,
Bangkok.
4. Thai Hino Motor Sales Ltd.,
1056, New Petchburi Road,
Bangkok.

MACHINERY & TOOLS, MILL EQUIPMENTS

1. Athon Phanich Co. Ltd.,
108-112, New Road,
Bangkok.
2. Bara, Windsor & Co. Ltd.,,
164, Chakrapatch Road,
Bangkok.
3. Chavanich Co. Ltd.,
48, Bush Lane, New Road,
Bangkok.
4. Dumrong Trading Co. Ltd.,
839, New Road,
Bangkok,
5. Gerson & Sons Ltd.,
287, Silom Road,
Bangkok.
6. Kamol Sukosol Co. Ltd.,
857, Mahachai Road,
Bangkok.

7. Loxley (Bangkok) Ltd.,
304, Suapa Road,
Bangkok.
8. Min Sen & Co. Ltd.,
458, Jawarad Road,
Bangkok.
9. S.P. Machinery Co. Ltd.,
455, Charoenphol Square,
Bangkok.
10. F.E. Zueillig (Bangkok) Ltd.,
4/1, Dejo Road,
Bangkok.

PETROLEUM PRODUCTS

1. Bangkok Petroleum Ltd. Part,
353/1, Mahaprutharam Road,
Bangkok.
2. Summit Industrial Corporation,
197, Silom Road,
Bangkok.
3. Thai Oil Refinery,
Patpong Road,
Bangkok.

PAINTS

1. Ann Chieng Co. Ltd.,
622, Chakrapetch Road,
Bangkok.
2. The Borneo Company Ltd.,
1041, Silom Road,
Bangkok.
3. Bangkok Chao Phanich Co. Ltd.,
1500-4, Krungkasem Road,
Bangkok.

4. International Engineering Co. Ltd.,
614, Sukhumvit Road,
Bangkok.
5. Saha Thai Watana Co. Ltd.,
Mansion 4, Rajdamnern Avenur,
Bangkok.

STATIONERIES & OFFICE MACHINES

A.T.E. Maskati Ltd.,
78, Anuwongse Road,
Bangkok.

STEEL PIPES AND STEEL INDUSTRY

1. Bangkok Steel Industry Co. Ltd.,
333, Plaplachai Road,
Bangkok.
2. Thai Steel pipes Industry Co. Ltd.,
36, Tahin Road, Prapradang,
Samuthprakarn,
Bangkok.

STRUCTURAL STEEL & HARDWARES

1. A.T.E. Maskati Ltd.,
78, Anuwongse Road,
Bangkok.
2. The Borneo Co. Ltd.,
1041, Silom Road,
Bangkok.
3. Sahaviriya Phanich Co. Ltd.,
197-199, Behind New Odeon Theatre,
Bangkok.
4. Marubeni-lida Co. Ltd.,
1017, New Road,
P.O.Box 1364,
Bangkok.

5. The Nissho (Thailand) Co. Part.
4th Floor, Nava Building,
No. 6, G.P.O. Lane,
Bangkok.

TYRES AND TUBES

1. Anglo-Thai Motors Corpn.,
Bush Lane, New Road,
Bangkok.
2. Ackachai Import Co. Ltd.,
1752, Krungkasem Road,
Bangkok.
3. Asia Trading Ltd.,
9/1, Suapa Road,
Bangkok.
4. The Borneo Company Ltd.,
1041, Silom Road,
Bangkok.
5. The East Asiatic Co. Ltd.,
53, Oriental Avenue,
Bangkok.
6. Saha Thai Watana Co. Ltd.,
4th Mansion, Rajdamnern Avenue,
Bangkok.

TEXTILES

1. Laxmi Store,
203. Pahahurat Road,
Bangkok.
2. A.T.E. Maskati Ltd.,
78, Anuwongse Road,
Bangkok.
3. M.D. Ramchand & Co.,
274, Sampeng Street,
Bangkok.

WELDING MATERIALS

1. Far East Oxygen & Accetylene Co. Ltd.,
982, Sukhumvit Soi,
71, Klongton,
Bangkok.
 2. Gerson & Sons Ltd.,
287, Silom Road,
Bangkok.
 3. Min Sen Machinery Co. Ltd.,
456, Jawarad Road,
Bangkok.
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Appendix 6

REVISED LIST OF GOODS UNDER IMPORT
CONTROL

(effective as of Oct. 1, 1968)

Goods	Controlled/ Banned
1. Gold, namely, gold ore, metal, etc.	Controlled
2. Sugar, in all forms	Banned
3. Old Newspapers	Banned
4. paper umbrella, umbrella frame and paper used in umbrella production	Banned
5. Paper file or folder, excluding those used exclusively in filing cabinets.	Controlled
6. Students' note book	Controlled
7. Joss-paper	Banned
8. Printed matters and cinematographic films produced or shipped from Communist China.	Banned
9. Pepper, in all forms	Banned
10. Tea Leaf and Tea Dust (25% domestic tea must be purchased before imports)	Controlled
11. Bags made of grey cotton shirting	Banned
12. Silk weaving goods, containing more than 50% of pure silk, either in piece or in roll	Banned
13. Tin foil	Banned
(Contd..)	

Goods	Controlled/ Banned
14. Wolfram ore, tin ore and tin metal, in all forms	Controlled
15. Empty iron or steel drum of capacity of 200 litres.	Controlled
16. Acetic Anhydride, Acetyl Chloride	Controlled
17. Logs and wood conversions of all kinds	Controlled
18. Coffee	Controlled
19. Automobile tyres, weighing more than 15 kilos per unit (restriction also covers import of tube to be used with such tyre)	Controlled
20. Coin made of nickel or nickel alloy; appearance, size, weight and composition of which are close to one baht coin	Banned
21. Rice Milling machine for milling rice kernels into rice bran	Banned
22. Table Procelain ware, used or may be used as food containers, the paint of which has lead content, when diluted, exceeding 2 milligrams per one litre capacity.	Banned
23. Goods produced or shipped from Rhodesia	Banned
24. Rulers which contain knives or weapons of the same effects.	Banned
25. Chemical Fertilizer - Ammonium Sulphate and Urea	Controlled

Appendix 7

RATES OF TARIFF AND BUSINESS TAX FOR
SELECTED COMMODITIES, DECEMBER, 1968

Customs Tariff Item No.	Description	Rate of Import Duty	Rate of Busi- ness Tax(%)
		Ad- Valo- rem (%)	Specific Unit (Baht)
1	2	3	4
		5	6

Textiles

Man-made fibres (con-
tinuous)

51.01	Yarn of man-made fibres (continuous) not put up for sale	20	-	-
	- for use in the manu- facture of woven fab- rics or fishing appliances.			1.5
	- Others			5
51.02	Monofil, strip and imitation catgut	20	-	5
51.03	Yarn of man-made fibres (continuous) put up for retail sale.	20	-	5
51.04	Woven fabrics of man- made fibres (continuous)	60	Kg.	40.00
	- for tyre cases			1.5
	- others			5.

Appendix 7 Contd.

1	2	3	4	5	6
<u>Cotton</u>					
55.01	Cotton, not carded or combed.	-	Kg.	0.33	1.5
55.02	Cotton linters	-	Kg.	0.40	1.5
55.03	Cotton waste, not carded or combed	-	Kg.	0.33	1.5
55.04	Cotton, carded or combed	-	Kg.	0.45	1.5
55.05	Cotton yarn, not put up for retail sale:				
	(a) Grey (unbleached) 25		Kg.	6.00	
	- For use in the manufacture of woven fabrics or fishing appliances				1.5
	- others				5
	(b) Others 25		Kg.	9.00	
	- for fishing appliances				1.5
	- others				5
55.06	Cotton yarn, put up for retail sale:				
	(a) Grey(Unbleached) 25		Kg.	6.00	5
	(b) Other 25		Kg.	9.00	5
55.07	Cotton Gauge				
	(a) Wholly of cotton 40	-	-		5
	(b) Mixture of cotton and other textile materials 60		Kg.	40.00	
	- Containing man-made fibres.				5
	- Other				5

Appendix 7. Contd.

1	2	3	4	5	6
55.08	Terry towelling and similar terry fabrics of cotton:				
	(a) wholly of cotton	40	-	-	5
	(b) mixture of cotton and other textile materials:	60	Kg.	40.00	
	- Containing man-made fibres				5
	- Other				5
55.09	Other woven fabrics of cotton				
	(a) cotton for surgical		Free		5
	(b) fabrics, wholly of cotton.	40	-	-	
	- for tyre cases				1.5
	- other				5
	(c) fabrics, mixture of cotton & other textile materials and others	60	Kg.	40.00	
	- containing man-made fibres				
	- for tyre cases				1.5
	- others				5
	<u>Carpets, mats, embroidery, etc.</u>				
58.01	Carpets, carpeting and rugs, Knotted (made up or not)	50	Kg.	20.00	5
58.02	Other carpets, etc. and 'Kelem' etc.	50	Kg.	20.00	5

Appendix 7 Contd.

1	2	3	4	5	6
58.03	Tapestries, hand-made of the type Gubelins etc.	50	Kg.	20.00	5
58.04	Woven pile fabrics and chenille fabrics:				
	(a) wholly of cotton	40	-	-	5
	(b) mixture of cotton and other textile materials of cotton, wool, silk, etc.	60	Kg.	40.00	5
58.05	Narrow woven fabrics of cotton, wool, silk and of mixture.				5
58.06	Woven labels, badges in strips	30	-	-	5
58.07	Chenille yarn, gimped yarn, braids - of Chenille yarn of wool & others	30	-	-	5
58.08	Tulle and other net fabrics plain				
	(a) wholly of cotton	40	-	-	5
	(b) mixture of cotton	60	Kg.	40.00	5
58.09	Tulle and other net fabrics, figured hand or mechanically made lace				
	(a) wholly of cotton - lace	40	-	-	5
	(b) mixture of cotton - cotton, lace, wool, man-made fibres, silk, etc.	60	Kg.	40.00	5

Appendix 7 Contd.

		1	2	3	4	5	6
58.10	Embroidery, in the piece, in strips or in motifs			40	-	-	
	- wholly of cotton mixture, wool, man-made fibre.						5
<u>Tea and Spices</u>							
09.02	Tea in containers			55	Kg.	11.00	5
09.04	Pepper and pimento						
	(a) Powdered			25	Kg.	3.30	5
	(b) Not powdered			25	Kg.	2.20	5
09.05	Vanilla			25	Kg.	13.20	5
09.06)	Cinnamon, cloves, nut-						
to)	meg, mace, suggron, bay						
09.10)	leaves, etc. etc.			25	Kg.		
	(a) Powdered					3.30	5
	(b) Not powdered					2.20	5
<u>Iron and Steel</u>							
73.01)	Pig iron, cast iron &						
to)	spiege leisen, ferro						
73.05)	alloys, scrap shot &						
	angular grit, iron or						
	steel powders			5	-	-	1.5
73.06)	Puddled bars & pilings						
&)	ingots, blocks, etc. and						
73.07)	bloom, billets, slabs						
	& sheet bars.			20	-	-	1.5

Appendix 7 Contd.

1		2	3	4	5	6
73.08	Iron or steel coils for re-rolling	10	-	-		1.5
73.09	Universal plates	-	Kg.	0.30		1.5
73.10	Bars and rods:					
	(a) Hollow mining drill sheet	20	Kg.	0.60		1.5
	(b) Other	-	Kg.	0.60		5
	- Iron rods					1.5
	- Others					
73.11	Angles, shapes and sections:					
	(a) Angles or sections	-	Kg.)	0.30		5
	(b) Others	-	Kg.)			5
73.12	Hoop and Strip	-	Kg.	0.30		1.5
73.13	Sheets and plates:					
	(a) Tinned	-	Kg.	0.75		
	(b) Galvanised/zinc	-	Kg.	2.00		
	(c) Other	-	Kg.	0.30		
	(In all the above: a, b & c items)	-	Kg.	2.00		
	- Perforated, corrugated, channelled or ribbed					5
	-Other					5
73.14	Iron or steel wire, whether or not coated but not insulated:					
	(a) Telegraph & telephone wire	30	Kg.	1.25		5
	(coated with tin/zinc)	20	Kg.	0.70		5
	(b) Other	-	Kg.	0.50		5

Contd..

Appendix 7 Contd.

1	2	3	4	5	6
73.15	Alloy steel and high carbon steel as items nos. 73.06 to 73.14:				
(a)	As items 73.06 to 73.07	20	-	-	1.5
	73.08	10	-	-	1.5
(b)	As items 73.09	-	Kg.	0.30	1.5
(c)	As items 73.10:				
	i) Hollowed mining drill	20	Kg.	0.60	1.5
	ii) Other	-	Kg.	0.22	1.5
	- Iron rods				5
	- Other				1.5
(d)	As items 73.11 and 73.12 - angles, or sections & other	-	Kg.	0.30	5 & 1.5
(e)	As items 73.13				
	i) Tinned & other	-	Kg.	0.35	
	- Perforated, corrugated, etc.				5
	- Other				1.5
(f)	As items 73.14				
	i) Telephone wire	30	Kg.	1.25	5
	ii) Other	20	Kg.	0.75	5
73.16	Railway and tramway truck construction material				
(a)	Imported	5	-	-	5
(b)	Others	25	-	-	5
73.17	Tubes and pipes of cast iron	30	Kg.	1.00	5

Contd..

Appendix 7 Contd.

1	2	3	4	5	6
73.18	Tubes and pipes of iron or steel	-	Kg.	0.30	1.5
	(a) Blanks for tubes and pipes	30	Kg.	1.00	5
	(b) Other	30	Kg.	1.00	5
73.20	Tube and pipe fittings of iron and steel	30	Kg.	1.00	5
73.21	Structures of iron or steel:				
	(a) Imported	5	-	-	5
	(b) Other	25	-	-	5
73.22	Reservoirs tanks, etc.				
	(a) Lined with other material	15	-	-	3
	(b) other	-	Kg.	0.50	3
73.23	Casks, drums, cans, boxes, etc. - of a capacity of 20 litres or more.		Kg.	0.50	
	- casks and drums				3
	- Other:				
	: containers used only for once				1.5
	: Others				5
73.24	Compressed gas cylinders	5	-	-	5
73.25	Stranded wire, cables, etc.	15	Kg.	0.66	5
73.26	Barbed iron or steel wire	30	Kg.	1.25	5

Appendix 7 Contd.

1	2	3	4	5	6
73.27	Gauge, cloth, etc.	15	-	-	5
73.28	Expanded metal of iron or steel	15	-	-	5
73.29	Chain and parts thereof:				
	(a) Sprocket chain	30	-	-	5
	(b) Other	10	-	-	5
73.30	Anchors & grapnels	30	-	-	5
73.31	Nails, tacks, hook nails, etc.				
	(a) Imported	5	-	-	5
	(b) Other	30	Kg.	1.10	5
73.32	Bolts & nuts, washers, etc.				
	(a) Imported	5	-	-	5
	(b) Other	30	Kg.	1.10	5
73.33	Needles for hand sew- ing and hand knitting needles.	25	-	-	5
73.34	Pins	30	-	-	5
73.35	Springs and leavers for springs				
	(a) Imported	5	-	-	5
	(b) Other	30	-	-	5
73.36	Stoves	30	-	-	
	- Heating equipments, components				12
	- Other				5

Contd.....

Appendix V Contd.

1	2	3	4	5	6
73.37	Central heating boilers	30	-	-	
	- Operated by fuel or gas and components articles.				12
	- Other				5
73.38	Articles used for sani- tary ware for indoor use:				
	- Baskets, Sieve racks and others.	60	-	-	5
73.39	Iron or steel wool, pot gloves of iron or steel.	30	-	-	5
73.40	Other articles of iron or steel				
	(a) Imported	5	-	-	5
	(b) Reservoirs, tanks:				
	i) Lined with other material	15	-	-	3
	ii) Other:				
	- of a capacity 20 litre or more.	-	Kg.	0.50	3
	- of a capacity less than 20 litres.	-	Kg.	1.50	3
	- rat traps	-	Free		5
	- baskets, etc.	60	-	-	5
	- other	30	-	-	5

Contd.....

Appendix 7 Contd.

1	2	3	4	5	6
<u>Electric Machinery and Appliances</u>					
85.01	Generators, motors, transformers, indicators, etc.	15	-	-	
	- Inductors & components				5
	- Other				3
85.02	Electro-magnets	15	-	-	
	- spare parts of motor vehicles, machines, etc.				5
85.03	Primary cells & primary batteries				
	(a) used with portable flash lights	30	Dozen	4.40	5
	(b) Other	30	-	-	
	- parts of flash light cells				1.5
	- other				5
85.04	Electric accumulators, complete sets or parts.	30	-	-	5
85.05	Tools for working in the hand, with self-contained electric motor.	15	-	-	3
85.06	Electro-mechanical				
	(a) Fans				10
	- Set parts				5
	(b) Others(Set & Parts)				12
85.07	Shavers and hair clippers with self-contained electric motor.	30	-	-	12

Appendix 7 Contd.

1	Y	2	Y	3	Y	4	Y	5	Y	6
85.08		Electrical starting & ignition equipment (Sets & Parts)								
		(a) Spark plugs	-		each	2.20		5		
		(b) Other	15		-	-		5		
85.09		Electrical lighting & Signalling equipment	30		-	-		5		
85.10		Portable battery & magnets lamp portable flash lights.	30		each	2.20		5		
85.11		Industrial and laboratory electric furnaces and ovens.	15		-	-				
		- Electric heating equipments and components								5
		- Other								3
85.12		Electric instantaneous or storage water heaters, etc.	30		-	-				
		- Electric irons								10
		: complete sets								5
		: spare sets								
		- Electric hair dressing appliances								12
		- Machines used directly for manufacturing.								3
		- Others, including electric heating resistors.								5

Contd.....

Appendix 7 Contd.

1	2	3	4	5	6
85.13	Electrical line telephonic & apparatus	5	-	-	5
85.14	Microphones and stands therefor amplifiers	30	-	-	
	- audio frequency amplifiers				12
	- other				5
85.15	Radio-elegraphic and radio-elephonic transmission:				
	(a) apparatus, television	5	-	-	5
	(b) other	35	-	-	
	- Television receiving sets with more than 4-6 tubes.				12
	- Other spare parts				5
85.16	Electric traffic control equipment	15	-	-	5
85.17	Electric sound and visual signalling				
85.18	apparatus and capacitors, fixed or variable.	30	-	-	5
85.19	Electrical apparatus for making and breaking electrical circuits, etc.	30	-	-	5

Contd.....

Appendix 7 Contd.

1	2	3	4	5	6
85.20	Electric filament lamps & electric discharge lamps.				
	(a) Voltage exceeding 40 volts and upto 200 watts.	30	each	1.10	
	- electric filament, discharge and arc lamps				5
	-- electrically ignited photo flash bulbs.				12
	(b) Others				5
	- Electrically ignited photographic components.				12
85.21	Thermionis, cold cathods & photocathods valves				
	(a) for radio broad- casting, etc.	5	-	-	5
	(b) other	20	-	-	5
85.22	Electrical goods & appa- ratus not specified elsewhere.	30	-	-	
	- Telecommunication, motor vehicles, machine & others.				5
85.23	Insulated electric wire, fable, bars, strip, etc.				
	(a) Telegraph & telephone wire.	5	-	-	5
	(b) Other	15	-	-	5
85.24	Carbon brushes, arc lamp carbons, etc.				
	(a) Carbon rods for elec- tric dry cells	15	-	-	1.5
	(b) Other	30	-	-	5

Appendix 7 Contd.

1	2	3	4	5	6
85.25	Insulators of any material, to fittings for electrical				
85.28	machines, electrical con- duit tubing, electrical parts and apparatus	30	-	-	5
<u>Bicycles and Parts</u>					
87.09	Motor-cycles, auto cycles, etc.	30	-	-	
	- Motor cycles				10
	- Side cars and others				5
87.10	Cycles, not motorised	25	-	-	5
87.12	Cycle parts	25	-	-	5
87.13	Baby carriages and invalid carriages				
	(a) Invalid carriages		Free		5
	(b) Others	25	-	-	5
<u>Rubber Tyres and Tubes</u>					
40.11	Rubber tyres, tyre cases				
	(a) Pneumatic tyre cases and inner tubes:				
	1. for cycles not exceeding 28 x 1½ inches				
	(a) Tyre case	-	each	4.00	5
	(b) Inner tyre	-	each	2.00	5
	2. for motor vehicles as tyre cases:				
	(i) not exceeding 4 kg.	30	each	52.00	5
	(ii) from 4 to 6 kg.	30	each	84.00	5
	(iii) exceeding 6 kgs. upto 9 kgs.	30	each	132.00	5

Appendix 7 Contd.

1	2	3	4	5	6
	(b) Inner tubes				
	(i) not exceeding 1 kg.	15	each	13.20	5
	(ii) exceeding 1 kg.	15	each	22.00	5
	(c) Tyre flaps	-	Kg.	3.30	5
	(d) Solid tyre cases	15	Kg.	3.30	5
	(e) Other	30	-	-	5
	<u>Small Tools and Hand Tools</u>				
82.01	Hand tools, spades, shovels, picks, hoes, forks, etc.				
	(a) Spades, hoes, forks, etc.		Free		5
	(b) Axes of any kind	15	-	-	5
	(c) Others	20	-	-	5
82.02	Saws				
	(a) Hand saw and hand saw blades	15	-	-	5
	(b) Others	20	-	-	3
82.03	Pliers, pincers, pipe cutters, etc.	15	-	-	5
82.04	Hand tools including mounted glaziers diamonds				
	(a) Hand tools including non-electric flat irons	15	-	-	5
	(b) Blow lams annils	20	-	-	5
82.05	Interchangeable tools for hand tools				
	(a) for use with hand tools	15	-	-	5
	(b) Others	20	-	-	5
82.06	Knives and cutting blades	15	-	-	5
82.07	Tool-tips and plates	15	-	-	5

Appendix 7. (Contd.)

1	2	3	4	5	6
82.08	Coffee-mills, mincers, juice and other mecha- nical appliances	15	-	-	5
<u>Medicines and Pharmaceuticals</u>					
30.01	Organic - therapeutic glands or other organs dried or powdered	25	-	-	5
30.02	Antisera, microbial vaccines and similar products		Free		
	- Antisera, microbial vaccines and toxins				5
	- Others				1.5
30.03	Medicants				
	(a) for treatment of malaria				
	(i) Quinine		Free		5
	(ii) Others		Free		5
	(b) Medical and pharmaceuticals preparations	-	Litre	80.00	5
	(c) Vitamins				
	(i) From Vit. B Complex to Vit. C.	80	-	-	5
	(ii) Others	10	-	-	5
	(d) Others				
	(i) Pencillin and allied products	80	-	-	5
	(ii) Tolbutamids, Iso- nicotinis acid, hydrochloro-thra- vide and sulfadi- midine tablets	70	-	-	5
	(iii) Decamathasene solution for ears, eyes and nose	60	-	-	5
	(iv) Prednisolone, cortisone tables and solution	30	-	-	5

Appendix 7 (Contd.)

1	2	3	4	5	6
	(v) Others	10	-	-	
	(i) Mixture				1.5
	(ii) Others				5
30.04	Wadding gauge, bandages and similar articles				
	(a) Not impregnated or coated		Free		5
	(b) Others	10	-	-	5
30.05	Other pharmaceutical goods				
	(a) Sterile surgical catgut		Free		5
	(b) Others	25	-	-	5
	<u>Dyes-specially coal tar dyes</u>				
32.04	Colouring matter of vegetable origin	30	-	-	1.5
32.05	Synthetic organic dye stuffs				
	(a) Natural indigo	-	Kg.	1.10	1.5
	(b) Other	15	-	-	1.5
32.06	Colour lakes	20	-	-	1.5
32.07	Other colouring matter, inorganic product	20	-	-	1.5
32.08	Prepared pigments, opacifiers, etc.	30	-	-	1.5
32.09	Varnishes and lacquers	30	-	-	
	- stamping foils, dyes for cloth				1.5
	- enamels and other				5
32.10	Artists paints	25	-	-	5
32.11	Prepared driers	30	-	-	5

Appendix 7 (Contd.)

1	2	3	4	5	6
32.12	Glaziers putty, grafting putty	30	-	-	5
32.13	Writing ink		Kg. or litre	2.00	5
	<u>Machine tools (lathes)</u>				
84.45	Machine tools for working metal or metallic carbides	15	-	-	3
	<u>Sewing Machines</u>				
84.41	Sewing machines, sets and parts	20	-	-	5
	<u>Industrial Machinery</u> (Textile, Paper, Sugar, Cement)				
84.36	Machines for extruding man-made textile, sets and parts	15	-	-	3
84.37	Weaving machines, sets and parts	15	-	-	3
84.38 & 84.39	Auxiliary machinery for weaving machines, sets and parts and machinery for the manufacture finishing	15	-	-	3
84.40	Machinery for washing, cleaning, etc.	30	-	-	
	- Operated by electricity				12
	- Operated by hand and others				3

Appendix 7 Contd.

1	2	3	4	5	6
84.31	Machinery for making or finishing cellulosic pulp, paper, sets and parts	15	-	-	3
84.32& 84.33	Book-binding machinery, sets and parts, paper or paperboard cutting machines	15	-	-	3
<u>Caustic Soda and Basic Chemicals</u>					
28.06	Hydrochloric acid and chlorosulphuric acid	15	-	-	1.5
28.08	Sulphuric acid, oleum	30	-	-	1.5
28.09	Nitric acid, sulphonitic acid	15	-	-	1.5
28.10	Phosphorus pentoxide and phosphoric acids	30	-	-	1.5
28.17	Sodium hydroxide, potassium hydroxide	25	-	-	1.5
28.42	Carbonates and percarbonates	30	-	-	1.5
<u>Diesel Engines</u>					
84.06	Internal combustion piston engines	15	-	-	
	- Motor units for bicycles				10
	- Other engines				3
	- Spare parts				5
<u>Aluminium Ingots</u>					
76.01	Unwrought aluminium, aluminium waste and scrap	5	-	-	1.5

Appendix 8TRADE AGREEMENT BETWEEN THE GOVERNMENT OF
THE KINGDOM OF THAILAND AND THE GOVERN-
MENT OF THE REPUBLIC OF INDIA

The Government of the Kingdom of Thailand and the Government of the Republic of India, being equally desirous of expanding direct trade relations between their two countries, have agreed as follows:

ARTICLE I

The Government of the Kingdom of Thailand and the Government of the Republic of India, hereinafter referred to as the Contracting Parties, will take all appropriate measures within the framework of their existing possibilities, to further economic relations between the Contracting Parties, and especially to develop trade volume to the fullest extent possible.

ARTICLE II

The exchange of commodities and goods between the Kingdom of Thailand and the Republic of India will be carried out in accordance with the export and import regulations existing in either country. Consequently

the competent authorities of either Contracting Party will, subject to existing regulations, make available import and export facilities by granting licences and by other administrative measures.

ARTICLE III

All trade between the Contracting Parties shall be subject to export-import control, foreign exchange control and such foreign trade and payment controls, which are in force or may come into force in the respective countries; each Contracting Party shall endeavour to ensure that such controls of the other Contracting Party be in compliance with the spirit of this Agreement.

ARTICLE IV

All payment pertaining to trade between the two countries shall be effected in freely convertible currencies to be mutually agreed upon by the Contracting Parties.

ARTICLE V

The two Contracting Parties agree that the exchange of commodities and goods between the two countries shall be made through normal trade channels either by private traders or by governmental agencies, as the case may be.

ARTICLE VI

Both Contracting Parties shall consult each other whenever necessary in order to recommend measures for expanding mutual trade or to overcome difficulties that might arise in connection with the implementation of the provisions of this Agreement.

ARTICLE VII

This agreement shall come into force on the date of signature and shall remain valid for a period of one (1) year. It will continue in force from year to year thereafter, unless its termination is requested by either Contracting Party upon notice in writing, ninety (90) days before the date of its expiration; however, this Agreement may be revised, amended or changed in whole or

in part with the approval of both Contracting Parties. No revision or termination of this Agreement shall be prejudicial to any rights or obligations accruing or incurred hereunder prior to the effective date of such revision, or termination.

In witness whereof, the undersigned, duly authorised by their respective Governments have signed this Agreement at Bangkok in duplicate in English, on the Thirteenth day of December, Two Thousand Five Hundred and Eleventh year of the Buddhist Era, corresponding to Twenty Second day Agrahayana, One Thousand Eight Hundred and Nintieth year of Saka Era.

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